



Department of Defense INSTRUCTION

September 9, 1985

NUMBER 4100.33

ASD (A&L)

SUBJECT : Commercial Activities Program Procedures

- References:
- (a) DoD Instruction 4100.33, "Operation of Commercial and Industrial-Type Activities," February 25, 1980 (hereby canceled)
 - (b) DoD Directive 4100.15, "Commercial Activities Program," August 12, 1985
 - (c) OMB Circular A-76, "Performance of Commercial Activities," August 4, 1983
 - (d) through (w), see ● nclosure 1 "

A. REISSUANCE AND PURPOSE

This Instruction:

1. Reissues reference (a) to update policy, procedures, and responsibilities required by references (b) and (c) for use by the Department of Defense (DoD) to determine whether needed commercial activities (CAs) should be accomplished by DoD personnel or by contract with a commercial source.
2. Cancels DoD 4100.33-H, "DoD In-House vs. Contract Commercial and Industrial Activities Cost Comparison Handbook. "

B. APPLICABILITY AND SCOPE

1. This Instruction applies to the Office of the Secretary of Defense (OSD), the Military Departments, and the Defense Agencies (hereafter referred to collectively as "DoD Components").
2. Its provisions contain DoD procedures for CAs in the United States, its territories and possessions, the District of Columbia and the Commonwealth of Puerto Rico.
3. Its provisions are not mandatory for CAs staffed solely with civilian personnel paid by nonappropriated funds, such as military ● xchanges. However, its provisions ● re mandatory for CAs when they are staffed partially with civilian personnel paid by or reimbursed from appropriated funds, such as libraries, open messes, and other morale, welfare, and recreation (MWR) activities. When related installation support is being cost compared under a single solicitation, a DoD Component may decide that it is practical to include activities staffed solely with civilian personnel paid by nonappropriated funds.
4. This Instruction does not:
 - a. Apply to governmental functions as defined in ● nclosure 2.

b. Apply when contrary to law, Executive orders, or ~~any treaty or~~ international agreement.

c. Apply in times of a declared war or military mobilization.

d. Provide Authority to enter into contracts.

e. Apply to the conduct of research and development, except for severable in-house CAs in support of research and development. such as those listed in enclosure 3.

f. Justify conversion to contract solely to void personnel ceilings or salary limitations.

g. Authorize contracts that establish an employer-employee relationship between the Department of Defense and contractor employees as described in the Federal Acquisition Regulation (FAR) 37.104 (reference (d)).

c. DEFINITIONS

1. Terms used in this Instruction are defined in Enclosure 2.

D. POLICY

It is DoD Policy to:

1. Ensure DoD Mission Accomplishment. The implementation of this Instruction shall consider the overall mission of the Department of Defense and the defense objective of maintaining readiness and sustainability to ensure capability to mobilize the defense force and support structure.

2. Retain Governmental Functions In-House. Certain functions inherently are Governmental in nature, "being so intimately related to the public interest as to mandate performance only by DoD personnel. These functions are not in competition with commercial sources; therefore these functions shall be performed by DoD personnel.

3. Rely on the Commercial Sector. DoD Components shall rely on commercially available sources to provide commercial products and services. Except when required for national defense, when no satisfactory commercial source is available, or when in the best interest of direct patient care. DoD Components will not start, expand, or carry on any CAs to "provide commercial products or services if the products or services can be procured more economically from commercial sources.

4. Achieve Economy and Enhance Productivity. Competition enhances quality, economy, and productivity. Whenever performance by a commercial source of a DoD in-house CA is permissible, in accordance with this Instruction and its implementing instructions, a comparison of the cost of contracting and the cost of in-house performance normally shall be performed to determine who will do the work. The restriction of solicitation to preferential procurement . . . ' program does not negate this requirement.

5. Permit Interim-In-House Operation. A DoD in-house CA may be established on a temporary basis if a contractor defaults. Action shall be taken to resolicit bids or proposals in accordance with this Instruction.

E. PROCEDURES

1. Inventory and Review Schedule (Report Control Symbol DD-MIL(A)1540)

•. Information in each DoD Component's inventory shall be used to assess DoD implementation of OMB Circular A-76 (reference (c)) and for other purposes. Each Component's inventory shall be updated at least annually to reflect changes to their review schedule and the results of reviews, cost comparisons, and direct conversions. Updated inventories for all DoD Components except National Security Agency/Central Security Service (NSA/CSS) and the Defense Intelligence Agency (DIA) shall be submitted to the Assistant Secretary of Defense (Acquisition and Logistics) (ASD(A&L)) within 90 days after the end of each fiscal year. Inventory data pertaining to NSA/CSS and DIA shall be held at the specific Agency concerned for subsequent review by properly cleared personnel. Enclosure 3 provides the codes and explanations for functional areas and enclosure 4 provides procedures for submitting the inventory.

b. DoD Components review schedules should be coordinated with the DoD Component's Efficiency Review Program and the Defense Regional Interservice Support (DRIS) Program (reference (e)) to preclude duplication of efforts and to make use of information already available.

c. Reviews of CAS that provide interservice support shall be rescheduled by the supplying DoD Component. Subsequent cost comparisons, when appropriate, shall be executed by the same DoD Component. All affected DoD Components shall be notified of the intent to perform a review.

2. Reviews

•. Existing In-House CAs. DoD Components shall conduct reviews of in-house CAs in accordance with their established review schedules. Existing in-house CAs, once reviewed shall be retained in-house without a cost comparison only when certain conditions are satisfied. (Detailed documentation will be maintained to support the decision to continue in-house performance. ASD(A&L) shall be notified within 30 days of any such decision.) These conditions are as follows:

(1) National Defense. In most cases, application of this criteria shall be made considering the wartime and peacetime duties of the specific positions involved rather than in terms of broad functions.

(a) A CA, staffed with military personnel who are assigned to the activity, may be retained in-house for national defense reasons when the following apply: "

1. The CA is essential for training or experience in required military skills;

2. The CA is needed to provide appropriate work assignments for a rotation base for overseas or sea-to-shore assignments; or

3. The CA is necessary to provide career progression to needed military skill levels.

(b) Core Logistics Activities. The core logistics capability reported to Congress, March 29, 1984, under the provisions of Public Law 98-525, Section 307 (reference (f)) is comprised of the facilities, equipment, and management personnel at the activities listed in the report. The work at those activities may be performed by either government or contractor personnel, whichever is more cost effective. Core logistics activities reported to Congress under the provisions of Public Law 98-525, Section 307, (reference (f)) shall be retained in-house unless the Secretary of Defense grants a waiver as provided for in Section 307. Requests for waivers shall be submitted to the ASD(A&L). DoD Components may propose to the ASD(A&L) additional core logistics capability for inclusion in the list of core logistics activities. Core logistics activities reported to Congress as additions to the original list shall be retained in-house unless subsequently waived by the Secretary of Defense.

(c) If the DoD Component has a large number of similar CAs with a small number of essential military personnel in each CA, action shall be taken, when appropriate, to consolidate the military positions consistent with military requirements so that economics 1 performance by either DoD civilian employees or by contract can be explored for accomplishing portion of the work.

(d) The DoD Components may propose to the ASD(A&L) other criteria for exempting CAs for national defense reasons.

(2) No Satisfactory Commercial Source Available. A DoD CA may be performed by DoD personnel when it can be demonstrated that:

(a) There is no satisfactory commercial source capable of providing the product or service that is needed. Before concluding that there is no satisfactory commercial source available, the DoD Component shall make all reasonable efforts to identify available sources.

1 DoD Components' efforts to find satisfactory commercial sources shall be carried out in accordance with the FAR (reference (d)) and DoD FAR Supplement (DFAR) (reference (g)), including review of bidders lists and inventories of contractors, consideration of preferential procurement programs, and requests for help from government agencies such as the Small Business Administration.

2 Where the availability of commercial sources is uncertain, the DoD Component will place at least three notices of the requirement in the Commerce Business Daily (CBD) over a 90-day period. (Notices will be in the format specified in FAR, Chapter 1, Part 5 (reference (d))). When bona fide urgent requirement occurs, the publication period in the CBA may be reduced to two notices over a 30-day period. Specifications and requirements in the notice will not be unduly restrictive and will not exceed those required of Government personnel or operations.

(b) Use of a commercial source would cause an unacceptable delay or disruption of an **essential** program. In-house operation of a CA on the basis ~~that use~~ of a commercial source would cause an unacceptable delay or disrupt ~~on~~ **essential** DoD program requires a specific documented" explanation.

1 The delay or disruption must be specific as to cost, time, and performance Measures.

2 The disruption must be shown to be of a lasting or unacceptable nature. Temporary disruption caused by conversion to contract is not sufficient support for the use of this criteria.

3 The fact that a DoD CA involves a classified program, or is part of **DoD Component's** basic mission, or that there is the possibility of **strike** by contract employees is not adequate reason for Government performance of that activity. Further, urgency alone is not an adequate reason to continue Government operation of a CA. It must be shown ~~that commercial~~ sources ~~are~~ not able, and the Government is able, to provide the product or service when needed.

4 Use of an exemption due to an unacceptable delay or disruption of an **essential** program shall be approved by the DoD Component's central point of contact office. This authority may not be redelegate.

(3) Patient Care. Commercial activities at DoD hospitals may be performed by DoD personnel when it is determined by the head of the DoD Component or his designee, in consultation with the DoD Component's chief medical director, that performance by DoD personnel would be in the best interest of direct patient care.

b. Contracts

(1) When contract costs become unreasonable or performance becomes unsatisfactory, a cost comparison of a contracted CA shall be performed in accordance with enclosures 5, 6, and 7, if the following apply:

(a) **Re-competition** with other satisfactory commercial sources does not result in reasonable prices.

(b) In-house performance is feasible.

(2) Contracted CAs that are justified for conversion to in-house performance based on cost comparisons, national defense, or in the best interest of direct patient care will be allowed to **expire** (options will not be exercised) once in-house capability is established. If the required authorizations cannot be accommodated within the DoD Component's available resources, a request for **adjustment** shall be submitted to OSD.

c. Expansions. In cases where expansion of an in-house CA is anticipated, a review of the **entire** CA, including the proposed expansion, shall be conducted to determine if performance by DoD personnel is authorized for national defense reasons, *because no* commercial source is available, or because it is in the best interest of direct patient care. If performance by DoD

personnel is not" justified under these criteria, "a cost comparison of the entire activity" shall be performed. Government facilities and equipment normally will not be expanded to accommodate expansions if adequate and cost effective contractor facilities are available.

d. New Requirements

(1) In cases where a new requirement for a commercial product or service is anticipated, a review shall be conducted to determine if performance by DoD personnel is authorized for national defense reasons, because no commercial source is available, or because it is in the best interest of direct patient care. If performance by DoD personnel is not justified under these criteria, then the new requirement normally shall be performed by contract.

(2) If there is reason to believe that commercial prices may be unreasonable, a preliminary cost analysis shall be conducted to determine whether it is likely that the work can be performed in-house at a cost that is less than anticipated for contract performance. If in-house performance appears to be more economical, a cost comparison shall be scheduled. The appropriate conversion differentials will be added to the preliminary in-house cost before it is determined that in-house performance is likely to be more economical.

(3) Government facilities and equipment normally will not be expanded to accommodate new requirements if adequate and cost-effective contractor facilities are available. The requirement for Government ownership of facilities does not obviate the possibility of contract operation. If justification for in-house operation is dependent on relative cost, the cost comparison may be delayed to accommodate the lead time necessary for acquiring the facilities.

(4) Approval or disapproval of in-house performance of new requirements involving a capital investment of \$500,000 or more will not be redelegated below the level of DAS or equivalent.

(5) Approval to budget for a major capital investment associated with a new requirement will not constitute OSD approval to perform the new requirement with DoD personnel. Government performance shall be determined in accordance with this Instruction.

e. CAs Involving Ten or Fewer DoD Civilian Employees

(1) When adequately justified under the criteria required in Enclosure 8, CAs involving ten or fewer DoD civilian employees may be converted directly to contract based on simplified cost comparison procedures. Such conversions shall be approved by the Office of the Assistant Secretary of Defense (Acquisition and Logistics) Installation Assistance (OASD(A&L) IA). Enclosure 7 shall be utilized to define the specific elements of cost to be estimated in the simplified cost comparison.

(2) In no case shall any CA involving more than ten DoD civilian employees be modified, reorganized, divided, or in any way changed for the purpose of circumventing the requirement to perform a full cost comparison.

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(3) The decision to directly convert a CA involving military personnel reflects a management decision that the work need not be performed by military personnel. Therefore, all direct personnel costs will be estimated in the simplified cost comparison on the basis of civilian performance.

f. Military Personnel CAS. Commercial activities performed exclusively by military personnel not subject to deployment in a combat, combat support, or combat service support role may be converted to contract without a cost comparison, when adequate competition is available and reasonable prices can be obtained from qualified commercial sources.

8" Special Considerations

(1) Communications Security and Signals Intelligence. Before making a determination that an activity involving Signals Intelligence (SIGINT), as prescribed in Executive Order 12333 (reference (h)), or the full maintenance of communications security (COMSEC) equipment should be subjected to a cost comparison, a determination must be made of the risk to national security of using commercial sources. The DoD Component shall provide its assessment of the risk to national security of using commercial sources to the Director, NSA, who shall make the determination if the risk to national security is unacceptable. NSA shall notify the ASD(A&L) within 30 days of action taken by the Director, NSA, to grant or deny a request for a waiver to the provisions of DoD Directive 4100.15 (reference (b)) and its implementing instructions.

(2) National Intelligence. Before making a determination that an activity involving the collection/processing/production/dissemination of national intelligence as prescribed in Executive Order 12333 (reference (h)) should be subjected to cost comparison, the DoD Component must specifically identify the risk to national intelligence of using commercial sources. Except as noted in subparagraph E.2.g.(1), above, the DoD Component shall provide its assessment of the risk to national intelligence of using commercial sources to the Director, DIA, who shall make the determination if the risk to national intelligence is unacceptable. DIA shall notify ASD(A&L) within 30 days of action taken by the Director, DIA, to grant or deny a request for a waiver to the provisions of DoD Directive 4100.15 reference (b) and its implementing instructions.

(3) Accountable Officer.

(a) The functions and responsibilities of the Accountable Officer are defined by DoD 7200.10-X (reference (i)). Those functions of the Accountable Officer that involve the exercise of substantive discretionary authority in determining the Government's requirements and controlling Government assets cannot be performed by a contractor and must be retained in-house. The responsibilities of the Accountable Officer as an individual and the position of the Accountable Officer are not contractible.

(b) Contractors can perform functions in support of the Accountable Officer and functions where they are performing in accordance with criteria defined by the Government. For instance, contractors can process requisitions, maintain stock control records, perform storage and warehousing, and make local procurements of items specified as deliverables in the contract.

(c) The responsibility for administrative fund control must be retained in-house. The contractor can process all required paperwork up to funds obligation-which must be done by the Government employee designated as responsible for funds control. The contractor can also process such documents as reports of survey and adjustments to stockage levels, but approval must rest with the Accountable Officer. In all cases the administrative control of funds must be retained by the Government since a contractor or his employees cannot be held responsible for violations of former section 3679 of the revised statutes (now codified at sections 1341, 1342, and 1517 of title 31, United States Code).

3. Cost Comparison Process. If performance of CA by DoD personnel cannot be justified under national defense, nonavailability of commercial source, or patient care criteria, then a full cost comparison shall be conducted in accordance with enclosures 5, 6, and 7, to determine if performance by DoD employees is justified on the basis of lower cost (unless the criteria of subparagraphs E.2.e. and f. are met). The conclusion that a CA will be cost compared reflects a management decision that the work need not be accomplished by military personnel. Therefore, all direct personnel costs shall be estimated on the basis of civilian performance. Funds shall be budgeted to cover either the cost of the appropriate in-house operation required to accomplish the work or the estimated cost of the contract. Neither funds nor manpower authorizations shall be removed from the activity's budget in anticipation of the outcome of a study.

a. Notification

(1) Congressional Notification. DoD Components shall notify Congress of the intention to do a cost comparison for each CA. DoD Components shall annotate the notification when cost comparison is planned at an activity listed in the report to Congress on core logistics (see subparagraph E. 2. a(1) (b) of this Instruction. The DoD Component shall notify the ASD (A&L) of any such intent at least 5 working days before the Congressional notification. The cost comparison process begins on the date of Congressional notification.

(2) Commerce Business Daily/Federal Register Notification. DoD Components shall publish their schedules for conducting cost comparisons as soon as practicable after Congressional notification, but at least annually, in the CBD and the Federal Register (FR). Schedules for cost comparisons not requiring Congressional notification and decisions to convert CAs directly to contract also shall be published in the CBD/FR as soon as practicable after the decision. The cost comparison schedule shall include for each activity, the name, location, and date the cost comparison began or the estimated date the direct conversion will occur.

(3) Local Notification. It is suggested that upon Congressional notification the installation make an announcement of the cost comparison, including a brief explanation of the cost-comparison process to the employees of the activity and the community. The installation's labor relations specialist also should be apprised to ensure appropriate notification to employees and their representatives in accordance with applicable collective bargaining agreements. Local Interservice Support Coordinators (ISCs) and the Chairman of the appropriate Joint Interservice Resources Study Group (JIRSG) also should be notified of a pending cost comparison.

b. Performance Work Statement (PWS)

(1) The PWS and its Quality Assurance Plan shall be prepared in accordance with enclosure 5 for full cost comparisons, simplified cost comparisons, and direct conversions of military personnel CAs. The PWS shall include reasonable performance standards that can be used to ensure a comparable level of performance for both Government and contractor and a common basis for evaluation. Employees and/or their bargaining unit representatives should be encouraged to participate in preparing or reviewing the PWS.

(2) Each DoD Component shall:

(8) Prepare PWSs where needed.

(b) Monitor the development and use of prototype PWSs.

(c) Review and initiate action to correct disagreements on PWS discrepancies.

(d) Approve prototype PWSs for Component-wide use.

(e) Coordinate these efforts with the other DoD Components to avoid duplication and to provide mutual Assistance.

(3) Government-owned facilities, equipment, and real property shall be made available to contractors, unless a cost-benefit analysis indicates that retention for use elsewhere is more cost advantageous to the Government. If a cost-benefit analysis is not performed, then the solicitation and cost comparison itself must reflect both options. Decisions to not provide facilities, equipment, or real property to contractors shall be made at a level no lower than the DoD Component's central point of contact office unless both options are an integral part of the solicitation and cost comparison.

(4) If a CA provides critical or sensitive services, the PWS shall include sufficient data for the in-house organization and commercial sources to prepare a plan for expansion in emergency situations.

(5) DoD Components that provide interservice support to other DoD Components or Federal agencies through interservice support agreements or other arrangements shall ensure that the PWS includes this work load and is coordinated with all affected components and agencies.

(6) If there is a requirement for the commercial source to have access to classified information in order to provide the product or service, the commercial source shall be processed for facility security clearance under the Defense Industrial Security Program in accordance with DoD Directive 5220.22 (reference (j)) and DoD Regulation 5220.22-R (reference (k)). However, if no bona fide requirement for access to classified information exists, no action shall be taken to obtain security clearance for the commercial source.

(7) Employees of commercial sources who do not require access to classified information for work performance, but require entry into restricted areas of the installation, may be authorized unescorted entry only when the provisions of DoD Regulation 5200.2-R (reference (l)) apply.

c. **Management Study.** A management study shall be performed to analyze completely the method of operation necessary to establish the most efficient and cost-effective in-house organization (MEO) needed to accomplish the requirements in the PWS. The MEO must reflect only approved resources for which the CA has been authorized. As part of the management study, installations should determine if specific requirements can be met through an Inter/Intraservice Support Agreement (ISA) with other activities or Government Agencies which have excess capacity or capability. .

(1) The CA management study is mandatory. Enclosure 6 provides guidance on how to conduct the Management study. The study shall identify essential functions to be performed, determine performance factors, organization structure, staffing, and operating procedures for the most efficient and cost effective in-house performance of the CA. The MEO becomes the basis of the Government estimate for the cost comparison with potential contractors. In this context, "efficient" (or cost-effective) means that the required level of workload (output, as described in the performance work statement) is accomplished with as little resource consumption (input) as possible without degradation in the required quality level of products or services.

(2) DoD Components have formal programs and training for the performance of management studies, and those programs are appropriate for teaching how to conduct CA management studies. Enclosure 6 does not purport to replace the DoD Component's own Management techniques, but merely to establish the basic criteria and the interrelationship between the Management study and the PWS.

(3) If a CA provides critical or sensitive services, the management study shall include a plan for expansion in emergency situations.

(4) Early in the management study, management will solicit the views of the employees in the CA under review, and/or their representatives for their recommendations as to the MEO or ways to improve the method of operation.

(5) The management study will be the basis on which the DoD Component certifies that the Government cost estimate is based on the most efficient and cost effective organization practicable.

(6) Implementation of the MEO shall be initiated no later than 1 month after cancellation of the solicitation and completed within 6 months. DoD Components shall take action, within 1 month, to schedule and conduct subsequent cost comparison when the MEO is not initiated and completed as prescribed above. Subsequent cost comparisons may be delayed by the DoD Component's central point of contact office, when situations outside the control of the DoD Component prevent timely or full implementation of the MEO. This authority may not be redelegate.

(7) DoD Components shall establish procedures to ensure that the in-house operation, as specified in the MEO, is capable of performing in accordance with the requirements of the PWS. The procedures also shall ensure that the resources (facilities, equipment, and personnel) specified

in the MEO are available to the in-house operation and that in-house performance remains within the requirements and resources specified in the PWS and MEO for the period of the cost comparison, unless documentation to support changes in workload/scope is available.

(8) A management study is not required for simplified cost comparisons.

d. Cost Comparisons. Cost comparisons shall include all significant costs of both Government and contract performance. Common costs; that is, costs that would be the same for either in-house or contract operation, need not be computed, but the basis of those common costs must be identified and included in the cost comparison documentation. Enclosure 7 provides the basic guidance for conducting full cost comparisons. Enclosure 8 provides guidance for conducting simplified cost comparisons. The supplemental guidance contained below is intended to establish uniformity and to ensure all factors are considered when making cost comparisons. Deviation from the guidance contained in Enclosure 7 will not be allowed, except as provided in the following subparagraphs.

(1) In-house Cost Estimate

(a) The in-house cost estimate shall be based on the most efficient and cost-effective in-house organization needed to accomplish the requirements in the PWS.

(b) Heads of DoD Components or their designees shall certify "that the in-house cost estimate is based on the most efficient and cost-effective operation practicable. Such certification shall be made before the bid opening or the date for receipt of initial proposals.

(c) The ASD(A&L) shall provide inflation factors for adjusting costs for the first and subsequent performance periods. These factors shall be the only acceptable factors for use in cost comparisons. Inflation factors for outyear (second and subsequent) performance periods will not be applied to portions of the in-house estimate that are comparable with those portions of the contract estimate subject to economic price adjustment clauses.

(d) Military positions in the organization under cost comparison shall be converted to civilian positions for costing purposes. Civilian grades and series shall be based on the work described in the PWS and the MEO, determined by the management study rather than on the current organization structure.

(e) All DoD Components shall use the Wholesale Stock Fund Rate of 24.5 percent and the Direct Delivery rate of 13.4 percent for supplies and materials acquired from the DoD Component supply systems.

(f) DoD Components shall assume for the purpose of depreciation computations that residual value is equal to the disposal values listed in Appendix C of enclosure 7, if more precise figures are not available from the property disposal officer or other knowledgeable authority. Therefore, the basis for depreciation shall be the original cost plus the cost of capital improvements (if any) less the residual value. The original cost plus the cost

of capital improvements less the residual value shall be divided by the useful life (as projected for the CA cost comparison) to determine the annual depreciation.

(g) Purchased services which augment the current in-house work effort and that are included in the PWS should be included in line 3 (other specifically attributable costs). When these purchased services are long-term and contain labor costs subject to economic price adjustment clauses, then the applicable labor portion will not be escalated by outyear inflation factors. In addition, purchased services shall be offset for potential Federal income tax revenue by applying the appropriate rate in Appendix D of Enclosure 7 to the total cost of purchased services.

(h) Overhead costs shall be computed only when such costs will not continue in the event of contract performance. This includes the cost of any position (full time, part time, or intermittent) that is dedicated to providing support to the activity (ies) under cost comparison regardless of the support organization's location. Military positions providing overhead support shall be costed using current military composite standard rates and applicable add-on factors for operating appropriation support. These rates are issued on a fiscal year basis by each Military Service.

(2) Cost of Contract Performance

(a) The contract cost estimate shall be based on firm bids, negotiated proposals competitively obtained and solicited in accordance with the FAR (reference (d)) and the DoD FAR Supplement (DFAR) (reference (g)) for full cost comparisons. Existing contract prices (such as those from GSA Supply Schedules) will not be used in a cost comparison. For simplified cost comparisons, the guidance in enclosure 8 applies.

(b) Standby costs are costs incurred for the upkeep of property in standby status. Such costs neither add to the value of the property nor prolong its life, but keep it in efficient operating condition or available for use. When an in-house activity is terminated in favor of contract performance and an agency elects to hold Government equipment and facilities on standby solely to maintain performance capability, this is a management decision, and such standby costs will not be charged to the cost of contracting.

(c) A specific waiver is required to use contract administration factors that exceed the limits established in table 3-1 of enclosure 7. The reason for the deviation from the limits, the supporting alternative computation, and documentation supporting the alternative method, shall be provided to the DoD Component's central point of contact office for advance approval on a case-by-case basis. This authority may not be redelegate. ASD(A&L) shall be notified within 30 days of any such decisions.

(d) The following guidance pertains to one-time conversion costs :

1 Material Related Costs. The cost factors below shall be used, if more precise costs are not known, to estimate the cost associated with disposal/transfer of excess government material which result from a conversion to contract performance:

	<u>Percentage of Current Replacement Cost</u>
Packing, Crating, & Handling (PCH)	3.5%
Transportation	3.75%

2 Labor-Related Costs. If unique circumstances prevail when strict application of the 2 percent factor for computation of severance pay results in a substantial overstatement or understatement of this cost, an alternative methodology may be employed. The reason for the deviation from this standard, the alternative computation, and documentation supporting the alternative method shall be provided to the appropriate DoD Component's central point of contact office for advance approval on a case-by-case basis. This authority may not be redelegated. ASD(A&L) shall be notified within 30 days of any such decision.

3 Other Transition Costs. Normally, government personnel assistance after the contract start date (to assist in transition from in-house performance to contract performance) should not be necessary. When transition assistance will not be made available, this condition should be stated clearly in the solicitation so that contractors will be informed that they will be expected to meet full performance requirements from the first date of the contract. Also, when circumstances require full performance on the contract start date, the solicitation shall state that time will be made available for contractor indoctrination prior to the start date of the contract. The inclusion of personnel transition costs in a cost comparison requires advance approval of the DoD Component's central point of contact office. This authority may not be redelegate. ASD(A&L) shall be notified within 30 days of any such decision.

(e) Gain or Loss on Disposal/Transfer of Assets. If more precise costs are not available from the Property Disposal Office or appropriate authority, then:

1 The same factors for PCH and transportation costs as prescribed in subparagraph E.3.e.(2)(d) for the costs associated with disposal/transfer of materials may be used.

2 -The estimated disposal value may be calculated from the net book value as derived from the table in Appendix C of Enclosure 7, minus the disposal/transfer costs. This figure shall be entered as a gain or loss on line 11 or line 13 of the cost comparison form as appropriate.

NOTE : If a cost-benefit analysis, as prescribed in subparagraph E.3.(b)(3), indicates that the retention of Government-owned facilities, equipment, or real property for use elsewhere in the Government is cost advantageous to the Government, then the cost comparison form

shall reflect a gain to the Government and therefore a decrease to . . . the cost of contracting on line 11 or line 13 of the cost comparison form as appropriate.

e. Independent Review

(1) The estimates of in-house and contract costs that can be computed before the cost comparison shall be reviewed by a qualified activity, independent of the Task Group preparing the cost comparison. This review shall be completed far enough in advance of the bid or initial proposal opening date to allow the DoD Component to correct any discrepancies found before sealing the in-house cost estimate.

(2) The independent review shall substantiate the currency, reasonableness, accuracy, and completeness of the cost comparison. The review shall ensure that the in-house cost estimate is based on the same required services, performance standards, and workload contained in the solicitation. The reviewer shall scrutinize and attest to the adequacy and authenticity of the supporting documentation. Supporting documentation shall be sufficient to require no additional interpretation.

(3) The purpose of the independent review is to ensure costs have been estimated and supported in accordance with provisions of this Instruction. If no (or only minor) discrepancies are noted during this review, the reviewer indicates the minor discrepancies, signs, dates, and returns the CCF to the preparer. If significant discrepancies are noted during the review, the discrepancies shall be reported to the preparer for recommended correction and resubmission.

- (4) The independent review is not required for simplified cost comparisons.

f. Solicitation Considerations

(1) The solicitation will not be canceled even if there are significant changes, omissions, or defects in the Government's in-house cost estimate. Such corrections shall be made before the expiration of bids or proposals and may require the extensions of bids or proposals.

(2) Bidders or offerers shall be informed that an in-house cost estimate is being developed and that a contract may or may not result.

(3) Bids or proposals shall be on at least a 3-year multi-year basis (when appropriate) or shall include prepriced renewal options to cover 2 fiscal years after the initial period.

(4) All contracts awarded as a result of a conversion (whether or not a cost comparison was performed) shall:

(a) Comply with all requirements of the FAR (reference (d)) and DFAR (reference (g)).

(b) When determined to be necessary in accordance with FAR 22. 101-1(e) (reference (d)), include the clause at FAR 52.222.1 (reference (d)), Notice to the Government of Labor Disputes, requiring the contractor to provide notice of actual and impending labor disputes.

(c) Include in contracts for critical or sensitive services a requirement for the contractor to develop a contingency plan explaining how the contractor will expand operations in emergency situations and ensure there will be no significant interruption of routine contract services due to labor disputes.

(d) Include all applicable clauses and provisions related to the right of first refusal for employment by displaced DoD employees, equal employment opportunities, veterans preference, and minimum wages and fringe benefits.

(5) Solicitations shall be restricted for preferential procurement when the requirements applicable to such programs (such as, small business set-asides or other required sources of supplies and services) are met, in accordance with the FAR (reference (d)).

(6) Solicitations will not be restricted for preferential procurement unless the contracting officer determines that there is a reasonable expectation that the commercial prices will be fair and reasonable, in accordance with the FAR (reference (d)).

(7) Contract defaults may result in temporary performance by Government personnel or other suitable means; such as, an interim contract source. Personnel detailed to such a temporary assignment should be clearly informed that they will return to their permanent assignment when a new contract is awarded. If the default occurs within the first year of contract performance, the following procedures apply:

(a) If, after consultation with the Department of Labor, it is determined that the contract wage rates are still valid, the contracting officer will review the availability among the next lowest responsive and responsive bidders/offers for a successor contract without resolicitation in accordance with established contracting practice. If the next low bidder/offers is willing to accept the balance of the contract work at the price bid/offered, adjusted on an appropriate prorata basis for the remainder of the contract term, the contracting officer may award to that bidder/offers. If the Government is the next lowest bidder/offers, the function may be returned to in-house performance, as bid, if still feasible. If performance by DoD employees is no longer feasible, the contracting officer may elect either to award to the next lowest responsive and responsive commercial bidder/offers "if that firm is willing to perform at its bid/offered price, adjusted appropriately for the remainder of the term, or to resolicit as specified in the next subparagraph. A return to in-house performance under the above criteria shall be approved by the DoD Component's central point of contact office. This authority may not be redelegated. ASD(A&L) shall be notified within 30 days of any such decision.

(b) If the contract wage rates are no longer valid or if the contracting officer, after a review of the availability of the next lowest responsible and responsive bidders/offers, determines that resolicitation is appropriate, the Government may submit a bid for comparison "with other bids/offers from the private sector. Submission of a Government bid requires a determination by the DoD Component that performance by DoD employees is still feasible and that a likelihood exists that such performance may be more economical than performance by contract. In such cost comparisons, the conversion differentials will not be applied to the costs of either in-house or contract performance.

(8) If contract default occurs during the second or subsequent year of contract performance, the procedures of subparagraph E.2.b.(1) of this Instruction apply.

(9) Grouping of Commercial Activities

(a) The installation commander shall determine carefully which CAS should be grouped in a single solicitation. The installation commander should keep in mind that the grouping of CAS can influence the amount of competition (number of commercial firms that will bid or submit proposals) and the eventual cost to the Government.

(b) The installation commander shall consider the adverse impacts that the grouping of CAS into a single solicitation may have on small and small disadvantaged business concerns. CAS being performed wholly by small or small disadvantaged businesses will not be incorporated into a cost comparison unless, consolidation is necessary to meet mission requirements. Actions must be taken to ensure that such contractors are not displaced merely to accomplish consolidation. Similarly, care must be taken so that nonincumbent small and small disadvantaged business contractors are not handicapped or prejudiced unduly from competing effectively at the prime contractor level.

(c) In developing solicitations for CAS, the procurement plan should reflect an analysis of the advantages and disadvantages to the Government that might result from making more than one award. The decision to group CAS should reflect an analysis of all relevant factors including the following:

- 1 The effect on competition.
- 2 The duplicative management functions and costs to be eliminated through grouping.
- 3 The economies of administering multifunction vs. single function contracts, including cost risks associated with the pricing structure of each.
- 4 The feasibility of separating unrelated functional tasks or groupings.
- 5 The effect grouping will have on the performance of the functions.

(d) When the solicitation package includes totally independent functions which are clearly divisible, severable, limited in number, and not price "interrelated, they shall be solicited on the basis of an "any or all" bid or offer. Commercial bidders or offerors shall be permitted to submit bids or offers on one or any combination of the functions being solicited. These bids or offers shall be evaluated to determine the lowest aggregate contract cost to the Government. This lowest aggregate contract cost then will be compared to the in-house cost estimate based on the MEO for performance of the functions in the single solicitation. The procedures in enclosure 7 apply.

(e) There are instances when this approach to contracting for CAS may not apply; such as, situations when physical limitations of site (where the activities are to be performed) preclude allowing more than one contractor to perform, when the function cannot be divided for purposes of performance accountability, or for other national security considerations. However, if an "all or none" solicitation is issued, the decision to do so must include a cost analysis to reflect that the "all or none" solicitation is less costly to the Government or an analysis indicating it is otherwise in the best interest of the Government, all factors considered.

(f) It is recognized that in some cases, decisions will result in the elimination of prime contracting opportunities for small business. In such cases special measures shall be taken. At a minimum, small and small disadvantaged business concerns shall be given preferential consideration by all competing prime contractors in the award of subcontracts. For negotiated procurements the degree to which this is accomplished will be a weighted factor in the evaluation and source selection process leading to contract award.

(8) The contract files shall be documented fully to demonstrate compliance with these procedures.

(10) If no bids or proposals, or no responsive or responsible bids or proposals are received in response to a solicitation, the in-house cost estimate shall remain unopened. The contracting officer shall examine the solicitation to ascertain why no responses were received. Depending on the results of this review, the contracting officer shall consider restructuring the requirement, if feasible, and reissue it under restricted or unrestricted solicitation procedures, as appropriate.

(11) Continuation of an in-house CA for lack of a satisfactory commercial source will not be based upon lack of response to a restricted solicitation.

(12) The guidance of subparagraph E.3.f. applies to simplified cost comparisons and direct conversions of military personnel CAS.

g. Administrative Appeal Procedures

(1) Appeals of Cost Comparison Decisions

(a) Each DoD Component shall establish an administrative appeals procedure to resolve questions from directly affected parties relating

to determinations resulting from cost comparisons" performed in compliance with this Instruction. The appeal procedure will not apply to questions concerning the following: .

1 Award to one contractor in preference to another;

2 DoD management decisions.

(b) The appeals procedure is to provide an administrative safeguard to ensure that DoD Component decisions are fair, quotable, and in accordance with procedures in this Instruction. The procedure does not authorize an appeal outside the DoD Component or a judicial review.

(c) The appeals procedure shall be independent and objective and provide for a decision on the appeal within 30 calendar days of receipt of the appeal. The decision shall be made by an impartial official at a level organizationally higher than the official who approved the cost comparison decision. The appeal decision shall be final, unless the DoD Component procedures provide for further discretionary review within the DoD Component.

(d) All detailed documentation supporting the initial cost comparison decision shall be made available to directly affected parties upon request when the initial decision is announced. The detailed documentation shall include, at a minimum, the following: the in-house cost estimate with detailed-supporting documentation (see subparagraph E.3.e.(2) of this Instruction), the completed CCF, name of the tentative winning contractor (if the decision is to contract), or the price of the bidder whose bid or proposal would have been most advantageous to the Government (if the decision is to perform in-house). If the documentation is not available when the initial decision is announced, the time allotted for submission of appeals shall be extended the number of days equal to the delay.

(e) To be considered eligible for review under the DoD Component appeals procedures, appeals shall:

1 Be received by the DoD Component in writing within 15 working days after the date the supporting documentation is made-available to directly affected parties..

2 Address specific line items on the CCF and the rationale for questioning those items.

3 Demonstrate that the result of the appeal may change the decision.

(2) Appeals of Direct Conversions

(a) Directly affected parties may appeal decisions to convert to contract based on a simplified cost comparison. The appeal must address reasons why "fair and reasonable prices will not be obtainable.

(b) Directly affected parties shall file appeals within 30 calendar days of the date of CBD and FR notification of a decision to convert a CA directly to contract. Paragraph E.3.a.(2) of this Instruction applies.

(c) Appeals shall be filed with the ASD(A&L). The ASD(A&L) shall forward the appeal and the decision package relating to the original approval of a DoD Component's direct conversion request to the Office of the Assistant Inspector General for Auditing, Office of the Inspector General, Department of Defense, within 10 working days. The result of the Inspector General's administrative review of the decision package shall be provided to the ASD(A&L) within 30 calendar days of receipt of a request for review from the ASD(A&L). Appeal decisions by the ASD(A&L) shall be final.

(3) Since the appeal procedure is intended to protect the rights of all directly affected parties, the DoD Component's procedures, as well as the decision upon appeal, will not be subject to negotiation, arbitration, or agreement.

(4) DoD Components shall include administrative appeal procedures as part of their implementing documents.

F. REPORTING REQUIREMENTS

1. Inventory and Review Schedule (Report Control Symbol DD-MIL(A)1540). See subparagraph E1. of this Instruction.

2. Commercial Activities Management Information System (CAMIS) (Report Control Symbol DD-MIL(Q) 1542)

a. The purpose of CAMIS is to maintain an accurate DoD data base of CAs that undergo an OMB Circular A-76 cost comparison and CAs that are converted directly to contract without a cost comparison. The CAMIS is used to provide information to the Congress, Office of Management Budget (OMB), General Accounting Office (GAO), OSD, and others. The CAMIS is divided into two parts. Part I contains data on CAs that undergo cost comparison. Part II contains data on CAs converted to contract without a cost comparison.

b. The CAMIS report shall be submitted in accordance with the procedures in enclosure 9.

3. Annual Reports to Congress. To ensure consistent application of the requirements stated in Public Law 96-342 (reference (m)) as amended by Public Law 97-252 (reference (n)). hereafter referred to as Section 502 (enclosure 10), the following guidance is provided:

•. The geographic scope of Section 502 applies to the United States, its territories and possessions, the District of Columbia, and the Commonwealth of Puerto Rico.

b. Section 502 applies to proposed conversions of DoD CAs that on October 1, 1980, were being performed by more than ten DoD civilian employees.

c. DoD Components shall notify Congress of the intention to do a cost comparison for each CA, as required by Section 502(a)(2)(A). DoD Components shall notify the ASD(A&L) of any such intent at least 5 working days before to the congressional notification.

d. DoD Components shall annotate announcements to Congress when a cost comparison is planned at an activity listed in the report to Congress on Core Logistics (see subparagraph E.2.a(1)(b) of this Instruction).

e. The DoD Components shall notify ASD(A&L) at least 5 working days before sending the detailed summary report required by Section 502(a)(2)(B) to Congress. The detailed summary of the cost shall include: the amount of the offer accepted for the performance of the activity by the private contractor; the costs and expenditures that the Government will incur because of the contract; the estimated cost of performance of the activity by the most efficient Government organization; a statement indicating the life of the contract; and certifications that the entire cost comparison is available, and that the Government calculation for the cost of performance of such function by DoD employees is based on an estimate of the most efficient and cost-effective organization for performance of such function by DoD employees.

f. The potential economic effect on the employees affected, the local community, and the Federal Government of contracting for performance of the function shall be included in the report to accompany the above certifications, if more than 50 total employees (including military and civilian, both permanent and-temporary) are potentially affected. It is suggested that the Army Corps of Engineers' model (or equivalent) be used to generate this information. The potential impact on affected employees shall be included in the report, regardless of the number of employees involved. Also include in the report a statement that the decision was made to convert to contractor performance, the projected date of contract award, the projected contract start date, and the effect of contracting the function on the military mission of that function.

g. By December 15th of each year, each DoD Component shall submit to the ASD(A&L) the data required by Section 502(c). In describing the extent to which CA functions were performed by DoD contractors during the preceding fiscal year, include the estimated number of work years for the in-house operation as well as for contract operation (including percentages) by major OSD functional areas in enclosure 3; such as, Social Services, Health Services, Installation Services, etc. For the estimate of the percentage of CA functions that will be performed in-house and those that will be performed by contract during the fiscal year during which the report is submitted, include the estimated work years for in-house CAs as well as for contracted CAs and the rationale for significant changes when compared to the previous year's data.

G. RESPONSIBILITIES

1. The responsibilities for implementing the policies and procedures of the DoD CA Program are prescribed in DoD Directive 4100.15 (reference (b)) and appropriate subparagraphs of this Instruction.

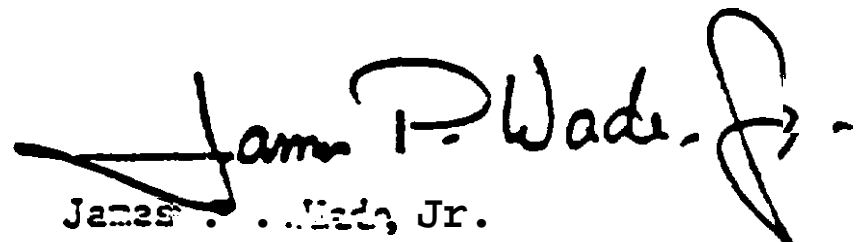
2. The Assistant Inspector General for Auditing, Office of the Inspector General, Department of Defense shall:

a. Independently review the decision package relating to the OASD(A&L)IA approval of a DoD Component's request for conversion of an in house DoD CA directly to contract without a cost comparison when an appeal of that decision is received by the ASD(A&L).

b. Provide results of the administrative review to the ASD(A&L) within 30 calendar days of receipt of a request for review.

H. EFFECTIVE DATE AND IMPLEMENTATION

This Instruction is effective immediately. Forward one copy of implementing documents to the Assistant Secretary of Defense (Acquisition and Logistics) within 120 days. -


James P. Wade, Jr.
Assistant Secretary of Defense
for Acquisition and Logistics

Enclosures - 9

1. References
2. Definitions
3. Codes and Definitions of Functional Areas
4. Commercial Activities Inventory Report and 5-Year Review Schedule
5. Part 11 of the Supplement to OMB Circular No. A-76 (Office of Federal Procurement Policy Pamphlet No. 4), "Writing and Administering Performance Work Statements"
6. Part III of the Supplement to OMB Circular No. A-76, "Management Study Guide"
7. Part IV of the Supplement to OMB Circular No. A-76, "Cost Comparison Handbook"
8. Simplified Cost Comparisons For Direct Conversion of Commercial Activities
9. Commercial Activities Management Information System
10. Public Law 96-342, as Amended by Public Law 97-252 (referred to as Section 502)

REFERENCES, (continued)

- (d) Federal Acquisition Regulation (FAR), March 26, 1984
- (e) DoD 4000.19-R, "Defense Regional Interservice Support (DRIS) Regulation," March 1984 "
- (f) Public Law 98-525, "Department of Defense Authorization Act 1985," October 19, 1984, Section 307 .
- (g) DoD FAR Supplement (DFAR), April, 1984
- (h) Executive Order 12333, "United States Intelligence Activities," December 4, 1981
- (i) DoD 7200.10-M, "Department of Defense Accounting and Reporting of Government Property Lost, Damaged, or Destroyed," May 16, 1977
- (j) DoD Directive 5220.22, "DoD Industrial Security Program," December 8, 1980
- (k) DoD Regulation 5220.22-R, "Industrial Security Regulation," February 29, 1984
- (l) DoD Regulation 5220.2-R, "DoD Personnel Security Program Regulation," December .20, 1979
- (m) Public Law 96-342, "Department of Defense Authorization Act 1981," September 8, 1980
- (n) Public Law 97-252, "Department of Defense Authorization Act 1983," September 8, 1982
- (o) Public Law 92-98, "The Javits-Wagner-O'Day Act," 1971
- (p) Public Law 85-536, "The Small Business Act," July 18, 1958
- (q) Public Law 95-507, "To Amend the Small Business Act and the Small Business Investment Act of 1958," October 24, 1978, Section 8(a)
- (r) DoD Directive 1015.1, "Establishment, Management, and Control of Nonappropriated Fund Instrumentalities," August 19, 1981
- (s) DoD Instruction 4151.15, "Depot Maintenance Support Programming Policies," November 22, 1976
- (t) Public Law 92-582, "The Brooks Act," 1972
- (u) DoD 5000.12-M, "DoD Manual for Standard Data Elements," October 1984
- (v) Office of Federal Procurement Policy Pamphlet No. 4, "A Guide for Writing and Administering Performance Statements of Work for Service Contracts," October, 1980
- (w) OMB Circular A-76, Transmittal Memorandum No. 1, "Performance of Commercial Activities," August 12, 1985

DEFINITIONS

1. Commercial Activity Review. The process of ● valuating CAS for the purpose of determining whether or not a cost comparison will be conducted.
2. Commercial Source. A business or other non-Federal activity located in " the United States, its territories and possessions, the District of Columbia, or the Commonwealth of Puerto Rico, that provides a commercial product or service.
3. Conversion to Contract. The changeover of a CA from performance of DoD personnel to performance under contract by a commercial source.
4. Conversion to In-House. The changeover of a CA from performance under contract by a commercial source to performance by DoD personnel.
5. Cost Comparison. The process of developing an estimate of the cost of performance of a CA by DoD ● employees and comparing it, in accordance with the requirements in this Instruction, to the cost to the Government for contract performance of the CA.
6. Directly Affected Parties. DoD employees and their representative organizations and bidders or offerers on the solicitation.
7. Displaced DoD Employee. Any DoD employee affected by conversion to contract operation (including such actions as job ● lamination, grade reduction or reduction in rank). It includes both employees in the function converted to contract and to employees outside the function who are affected adversely by conversion through reassignment or the ● exercise of bumping or retreat rights.
8. DoD Commercial Activity (CA). An activity that provides a product or service obtainable (or obtained) from a commercial source. A DoD CA is not a Governmental function. A DoD CA may be an organization or part of another organization. It must be a type of work that is separable from other functions or ● activities so that it is suitable for performance by contract. A representative list of the functions performed by such activities is provided in ● nclosure 3. A DoD CA falls into one of two categories:
 - a. In-house CA. A DoD CA operated by a DoD Component with DoD personnel.
 - b. Contract CA. A DoD CA managed by a DoD Component operated with contractor personnel.
9. DoD Employee. Refers to only civilian personnel of the Department of Defense.
10. DoD Governmental Function. A function that is related so intimately to the public interest as to mandate performance by DoD personnel. These functions require ● ither the ● exercise of discretion in applying Government. authority or the use of value judgment in making decisions for the Department of Defense.

Services or products in support of Governmental functions, 'such as those listed in Enclosure 3, are CAs and are normally subject to DoD Directive 4100.15 (reference (b)) and its implementing instructions. Governmental functions normally fall into two categories:

a. The act of governing; that is, the discretionary exercise of Government authority. Examples include criminal investigations, prosecutions, and other judicial functions; management of Government programs requiring value judgments, as in direction of the national defense; management and direction of the Armed Services; activities performed exclusively by military personnel who are subject to deployment in a combat, combat support, or combat service support role; conduct of foreign relations; selection of program priorities; direction of Federal employees; regulation of the use of space, oceans, navigable rivers, and other natural resources; direction of intelligence and counter-intelligence operations; and regulation of industry and commerce, including food and drugs.

b. Monetary transactions and entitlements , such as tax collection and revenue disbursements; control of the treasury accounts and money supply; and the administration of public trusts.

11. DoD Personnel. Refers to both military and civilian personnel of the Department of Defense.

12. Expansion. The modernization, replacement, upgrading, or enlargement of a DoD CA involving a cost increase exceeding either 30 percent of the total capital investment or 30 percent of the annual personnel and material costs. A consolidation of two or more CAs is not an expansion unless the proposed total capital investment or annual personnel and material costs of the consolidation exceeds the total of the individual CAs by 30 percent or more.

13. New Requirement. A newly established need for a commercial product or service. A new requirement does not include interim in-house operation of essential services pending reacquisition of the services prompted by such action as the termination of an existing contract operation.

14. Preferential Procurement Programs. Preferential procurement programs are mandatory source programs such as Federal Prison Industries (FPI) and the workshops administered by the Committee for Purchase from the Blind and Other Severely Handicapped under the Javits-Wagner-O'Day Act (reference (o)). Also included are small, minority and disadvantaged businesses, and labor surplus area set-asides and awards made under Section 8(a) of the Small Business Act (references (p) and (q)).

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CODES AND DEFINITIONS OF FUNCTIONAL AREAS

This list of functional codes and their definitions does not restrict the applicability or scope of the CA Program within DoD. Section B. of DoD Directive 4100.15 (reference (b)) defines the applicability and scope of the program. The CA Program still applies to CAs not defined in this listing. These codes and definitions are a guide to assist reporting. As new functions are identified, codes will be added or existing definitions will be expanded.

SOCIAL SERVICESG001 Care of Remains of Deceased Personnel and/or Funeral Services.

Includes CAs that provide mortuary services, including transportation from aerial port of embarkation (APOE) to mortuary of human remains received from overseas mortuaries, inspection, restoration, provision of uniform and insignia, dressing, flag, placement in casket, and preparation for onward shipment.

G008 Commissary Store Operation. Includes CAs that provide all ordering, receipt, storage, **stockage**, and retailing for commissaries. Excludes procurement of goods for issue or resale.

- G008A: Shelf Stocking.
- G008B : Check Out.
- G008C: Meat Processing.
- G008D: Produce Processing. .
- G008E: Storage and Issue.
- G008F: Other.
- G008G: Troop Subsistence Issue Point.

G009 Clothing Sales Store Operation. Includes CAs that provide ordering, receipt, storage, **stockage**, and retailing of clothing. Stores operated by the Army and Air Force Exchange Semites, Navy Exchange Services, and Marine Corps Exchange Services are excluded. .

G010 Recreational Library Services. Includes operation of libraries maintained primarily for off-duty use by military personnel and their dependents.

G011 Other Morale, Welfare, and Recreation Services. Operation of CAs maintained primarily for the off-duty use of military personnel and their dependents, including both appropriated and partially **nonappropriated** fund activities. The operation of clubs and messes, and morale support activities are included in code G011. Examples of activities performing G011 functions are" arts and crafts, entertainment, sports and athletics, swimming, bowling, marina and **boating**, stables, youth activities, centers, and golf. DoD Directive 1015.1 (reference (r)) contains amplification of the categories reflected below. (NOTE : CA procedures are not mandatory for functions staffed solely by civilian personnel paid by nonappropriated funds.)

G011A: All Category II Nonappropriated Fund Instrumentalities (NAFIs), except Package Beverage Branch.
 G011B: Package Beverage Branch.
 G011C: All Category IIIa NAFIs.
 G011D: All Category IIIb1, except Libraries
 G011E: Category IIIb2 Arts and Crafts
 G011F: Category IIIb2 Music & Theatre
 G011G: Category IIIb2 Outdoor Recreation
 G011H: Category IIIb2 Youth Activities
 G011I: Category IIIb2 Child Development Service
 G011J: Category IIIb2 Sports - Competitive
 G011K: All Category IIIb3 except Anneal Forces Recreation Center (AFRC) Golf Bowling, and membership associations converted from Category VI
 G011L: Category IIIb3 AFRC
 G011M: Category IIIb3 Golf
 G011N: Category IIIb3 Bowling
 G011O: Category IIIb3 membership associations converted from Category VI
 G011P: Category III Information Tour and Travel (ITT)
 G011Q: All Category IV
 G011R: All Category V
 G011S: All Category VI, except those converted to Category IIIb3
 G011T: All Category VII
 G011U: All Category VIII, except billeting and hotels
 G011V: Category VIII Billeting
 G011W: Category VIII Hotels

G012 Community Services. DoD Directive 1015.1 (reference (r)) contains further amplification of the categories.

G012A: Information and Referral
 G012B: Relocation Assistance
 G012C: Exceptional Family Member
 G012D: Family Advocacy (Domestic Violence)
 G012E: Foster Care
 G012F: Family Member Employment
 G012G: Installation. Volunteer Coordination
 G012H: Outreach
 G012I: Volunteer Management
 G012J: Office Management
 G012K: Consumer Affairs/Financial Assistance
 G012L: General and Emergency Family Assistance

G900 Chaplain Activities and Support Semites. Includes CAs that provide non-military unique support services that supplement the command religious program such as non-pastoral counseling, organists, choir directors, and directors of religious education. The command religious program, which includes chaplains and enlisted support personnel, is a Governmental function and is excluded from this category.

G901 Berthing BOQ/BEQ. Includes CAs that provide temporary or permanent accommodations for officer or enlisted personnel. Management of the facility, room service, and daily cleaning are included.

G904 Family Services. Includes CAS that perform various social services for families, such as family counseling, financial counseling and planning, the operation of an abuse center, child care center, or family aid center.'

6999 Other Social Semites. This code will only be used for unusual circumstances and will not be used to report organizations or work that can be accommodated under a specifically defined code.

HEALTH SERVICES

H101 Hospital Care. Includes CAS that provide outpatient and inpatient care and consultative evaluation in the medical specialties, including pediatrics and psychiatry; the coordination of health care delivery relative to the examination, diagnosis, treatment, and disposition of medical inpatients.

H102 Surgical Care. Includes CAS that provide outpatient and inpatient care and consultative evaluation in the surgical specialties, including obstetrics, gynecology, ophthalmology and otorhinolaryngology; the coordination of health care delivery relative to the examination, treatment, diagnosis, and disposition of surgical patients.

H105 Nutritional Care. Includes CAS that provide hospital food services for inpatients and outpatients, dietetic treatment, counseling of patients, and nutritional duration.

H106 Pathology Services. Includes CAS involved in the operation of laboratories providing comprehensive clinical and anatomical pathology services; DoD military blood. program and blood bank activities; and area-reference laboratories.

H107 Radiology Services. Includes CAS that provide diagnostic and therapeutic radiologic service to inpatients and outpatients, including the processing, examining, interpreting, and storage and retrieval of radiographs, fluorographs, and radiotherapy.

H108 Pharmacy Services. Includes CAS that produce, preserve, store, compound, manufacture, package, control, assay, dispense, and distribute medications (including intravenous solutions] for inpatients and outpatients.

H109 Physical Therapy. Includes CAS that provide care and treatment to patients whose ability to function is impaired or threatened by disease or injury; primarily seine patients whose actual impairment is related to neuro-musculoskeletal, pulmonary, and cardiovascular systems; evaluate the function and impairment of these systems, and select and apply therapeutic procedures to maintain, improve, or restore these functions.

H110 Materiel Services. Includes CAS that provide or arrange for the supplies, equipment, and certain services necessary to support the mission of the medical facility; responsibilities include procurement, inventory control, receipt, storage, quality assurance, issue, turn-in, disposition, property accounting, and reporting actions for designated medical and nonmedical supplies and equipment.

H111 Orthopedic Services. Includes CAS that construct orthopedic appliances such as braces, casts, splints, supports, and shoes from impressions, forms, molds, and other -specifications.

H112 Ambulance Service. Includes CAS that provide transportation for personnel who are injured, sick, or otherwise require medical treatment, " including standby duty in support of military activities and ambulance bus services.

H113 Dental Care. Includes CAs that provide oral examinations, patient education, diagnosis, treatment, and care including all phases of restorative dentistry, oral surgery, prosthodontics, oral pathology, periodontics, orthodontics, endodontics, oral hygiene, preventive dentistry, and radiodontics.

H114 Dental Laboratories. Includes CAs that operate dental prosthetic laboratories required to support the provision of comprehensive dental care; services may include preparing casts and models, repairing dentures, fabricating transitional, temporary, or orthodontic appliances, and finishing dentures.

H115 Clinics and Dispensaries. Includes CAs that operate freestanding clinics and dispensaries that provide health care services. Operations are relatively independent of a medical treatment facility and are separable for in-house or contract performance. Health clinics, occupational health clinics, and occupational health nursing offices.

H116 Veterinary Services. Includes CAs that provide a complete wholesomeness and quality assurance food inspection program, including sanitation, inspection of food received, surveillance inspections, and laboratory examination and analysis; a complete zoonosis control program; complete medical care for Government-owned animals; veterinary medical support for biomedical research and development; support to other Federal agencies when requested and authorized; assistance in a comprehensive preventive medicine program; and determination of fitness of all foods that may have been contaminated by chemical, bacteriological, or radioactive materials.

H117 Medical Records Transcription. Includes CAS that transcribe, file, and maintain medical records.

H118 Nursing Services. Includes CAs that provide care and treatment for inpatients and outpatients not required to be performed by a doctor.

H119 Preventive Medicine. Includes CAs that operate wellness or holistic clinics (preventive medicine), information centers, and research laboratories.

H120 Occupational Health. Includes CAs that develop, monitor, and inspect installation safety conditions.

H121 Drug Rehabilitation. Includes CAS that operate alcohol treatment facilities, urine testing for drug content, and drug/alcohol counseling centers.

H999 Other Health Services. This code will only be used for unusual circumstances and will not be used to report organizations or work that can be accommodated under a specifically defined code.

INTERMEDIATE , DIRECT , OR GENERAL REPAIR AND MAINTENANCE OF EQUIPMENT

Definition. Maintenance authorized and performed by designated maintenance CAs in support of using activities. Normally, it is limited to replacement and overhaul of unserviceable parts, subassemblies, or assemblies. It includes (1) intermediate/direct/general maintenance performed by fixed activities that are not designed for deployment to combat areas and that provide direct support of organizations performing or designed to perform combat missions from bases in the United States, and (2) any testing conducted to check the repair procedure. CAs engaged in intermediate/direct/ general maintenance and/or repair of equipment are to be grouped according to the equipment predominantly handled, as follows:

J501 Aircraft. Aircraft and associated equipment. Includes armament, electronic and communications equipment, engines, and any other equipment that is an integral part of an aircraft.

J502 Aircraft Engines. Aircraft engines that are not repaired while an integral part of the aircraft.

J503 Missiles. Missile systems and associated equipment. Includes mechanical, electronics, and communication equipment that is an integral part of missile systems .

J504 Vessels. All vessels, including armament, electronics, communications and any other equipment that is an integral part of the vessel.

J505 Combat Vehicles. Tanks, armored personnel carriers, self-propelled artillery, and other combat vehicles. Includes armament, fire control, electronic, and communications equipment that is an integral part of a combat vehicle.

J506 Noncombat Vehicles. Automotive equipment, such as tactical, support, and administrative vehicles. Includes electronic and communications equipment that is an integral part of the noncombat vehicle.

J507 Electronic and Communications Equipment. Stationary, mobile, portable, and other electronic and communications equipment. Excludes electronic and communications equipment that is an integral part of another weapon/support system. Maintenance of Automatic Data Processing Equipment (ADPE) not an integral part of communications system shall be reported under functional code W825; maintenance of tactical ADPE shall be reported under function code J999.

J510 Railway Equipment. Locomotives of any type or gauge, including steam, compressed air, straight electric, storage battery, diesel electric? gasoline, electric, diesel mechanical locomotives, railway cars, and cabooses. Includes electrical equipment for locomotives and cars, motors, generators, wiring supplies for railway tracks for both propulsion and signal circuits, and on-board communications and control equipment.

J511 Special Equipment. Construction equipment, weight lifting, power, and materiel handling equipment (MHE).

J512 Armament. Small arms, artillery and guns, nuclear munitions chemical, biological, and radiological (CBR) items, conventional ammunition, and all other ordnance items. Excludes armament that is an integral part of another weapon or support system.

J513 Dining Facility Equipment. Dining facility kitchen appliances and equipment-.

J514 Medical and Dental Equipment. -Medical and dental equipment.

J515 Containers, Textiles, Tents, and Tarpaulins. Containers, tents, tarpaulins, other textiles, and organizational clothing.

J516 Metal Containers. Container Express (CONEX) containers, gasoline containers, and other metal containers.

J517 Training Devices and Audiovisual Equipment. Training devices and audiovisual equipment. Excludes maintenance of locally fabricated devices and functions reported under codes T807 and T900.

J519 Industrial Plant Equipment. That part of plant equipment with an acquisition cost of \$3,000 or more, used to cut, abrade, grind, shape, form, join, test, measure, heat, or otherwise alter the physical, electrical, or chemical properties of materials, components, or end items entailed in manufacturing, maintenance, supply processing, assembly, or research and development operations.

J520 Test, Measurement, and Diagnostic Equipment. Test, measurement, and diagnostic equipment (TMDE) that has resident in it a programmable computer. Included is equipment referred to as automated test equipment (ATE).

J521 Other Test, Measurement, and Diagnostic Equipment. Test, measurement, and diagnostic equipment not classified as ATE or that does not contain a resident programmable computer. Includes such items as electronic testers, armament circuit testers, and other specialized testers.

J522 Aeronautical Support Equipment. Aeronautical support equipment excluding TMDE (and ATE). Includes such items as ground electrical power carts, aircraft tow tractors, ground air conditioners, engine stands, and trailers. Excludes aeronautical equipment reported under J501.

J999 Other Intermediate, Direct, or General Repair and Maintenance of Equipment. This code will only be used for unusual circumstances and will not be used to report organizations or work that can be accommodated under a specifically defined code.

DEPOT REPAIR, MAINTENANCE, MODIFICATION, CONVERSION, OR OVERHAUL OF EQUIPMENT .

Definition. The maintenance performed on materiel that requires major overhaul or a complete rebuild of parts, assemblies, subassemblies, and end items,

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including the manufacture of parts, modifications; testing, and reclamation, as required. Depot maintenance serves to support lower categories of maintenance. Depot maintenance provides stocks of serviceable equipment by using more extensive facilities for repair than are available in lower level maintenance activities. (See DoD Instruction 4151.15 (reference (s)) for further amplification of the category definitions reflected below.) Depot or indirect maintenance functions are identified by the type of equipment maintained or repaired.

K531 Aircraft. Aircraft and associated equipment. Includes armament, electronics and communications equipment engines, and any other equipment that is an integral part of an aircraft. Aeronautical support equipment not reported separately under code K548.

I(532 Aircraft Engines. Aircraft engines that are not repaired while an integral part of the aircraft.

K533 Missiles. Missile systems and associated equipment. Includes mechanical, electronic, and communications equipment that is an integral part of missile systems.

K534 Vessels. All vessels, including armament, electronics, and communications equipment, and any other equipment that is an integral part of a vessel.

K535 Combat Vehicles. Tanks, armored personnel carriers, self-propelled artillery, and other combat vehicles. Includes armament, fire control, electronics, and communications equipment that is an integral part of a combat vehicle.

K536 Noncombat Vehicles. Automotive equipment, such as tactical support and administrative vehicles. Includes electronic and communications equipment that is an integral part of the vehicle.

K537 Electronic and Communications Equipment. Stationary, mobile, portable, and other electronics and communications equipment. Excludes electronic and communications equipment that is an integral part of another weapon/support system. Maintenance of ADPE, not an integral part of a communications system, is reported under functional code W825.

K538 Railway Equipment. Locomotives of any type or gauge, including steam, compressed air, straight electric, storage battery, diesel electric, gasoline, electric, diesel mechanical locomotives, railway cars, and cabooses. Includes electrical equipments for locomotives and cars, motors, generators, wiring supplies for railway tracks for both propulsion and signal circuits, and on-board communication and control equipment.

X539 Special Equipment. Construction equipment, weight lifting, power, and materiel-handling equipment.

K540 Armament. Small arms; artillery and guns; nuclear munitions, CBR items; conventional-ammunition; and all other ordnance items. Excludes armament that is an integral part of another weapon or support system.

K541 Industrial Plant Equipment. That part of plant equipment with an acquisition cost of \$3,000 or more, used to cut, abrade, grind, shape, form, join, test, measure, heat, or otherwise alter the physical, electrical, or chemical properties of materials, components, or end items entailed in manufacturing, maintenance, supply, processing, assembly, or research and development operations.

K542 Dining Facility Equipment. Dining facility kitchen. appliances and equipment. This includes field feeding equipment.

K543 Medical and Dental Equipment. Medical and dental equipment.

K544 Containers, Textiles, Tents and Tarpaulins. Containers, tents, tarpaulins, and other textiles.

K545 Metal Containers. CONEX containers, gasoline containers and other metal containers.

K546 Test Measurement and Diagnostic Equipment. Test measurement and diagnostic equipment (TMDE) that has resident in it a programmable computer. Included is equipment referred to as automated test equipment (ATE).

KS47 Other Test Measurement and Diagnostic Equipment. Test measurement and diagnostic equipment not classified as ATE or that does not contain a resident programmable computer. Includes such items as electronic meters, armament circuit testers, and other specialized testers.

K548 Aeronautical Support Equipment. Aeronautical support equipment excluding TMDE (and ATE). Includes such items as ground electrical power carts, aircraft tow tractors, ground air conditioners, engine stands, and trailers. Excludes aeronautical support-equipment reported under code K531.

K999 Other Depot Repair, Maintenance, Modification, Conversion, or Overhaul of Equipment. This code will only be used for unusual circumstances and will not be used to report organizations or work that can be accommodated under a specifically defined code.

BASE MAINTENANCE/MULTIFUNCTION CONTRACTS

P100 Base Maintenance/Multifunction Contracts. Includes all umbrella-type contracts where the contractor performs more than one function at one or more installations. (Identify specific functions as nonaddendums.)

RESEARCH, DEVELOPMENT, TEST, AND EVALUATION (RDT&E) SUPPORT

R660 RDT&E Support. Includes all effort not reported elsewhere directed toward support of installation or operations required for research, development, test, and evaluation use. Included are maintenance support of laboratories, operation and maintenance of test ranges, and maintenance of test aircraft and ships.

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INSTALLATION SERVICES

S700 Natural Resource Services. Includes those CAS that provide products or services that implement natural resource management plans in the areas of fish, game, wildlife, forestry, watershed areas or ground water table, erosion control, and mineral deposit management. Natural resources planning and management is a governmental function and will not be reported.

S701 Advertising and Public Relations Services. Includes CAS responsible for advertising and public relations in support of public affairs offices, installation newspapers and publications, and information offices.

S702 -Financial and Payroll Semites. Includes CAS that prepare payroll, print checks, screw, or change payroll accounts for personnel. Includes other services normally associated with banking operations.

S703 Debt Collection. Includes CAS that monitor, record, and collect debts incurred by overdrafts, bad checks, or delinquent accounts.

S706 Installation Bus Services. Includes CAS that operate local, intrapost, and interpost scheduled bus services. Includes scheduled movement of personnel over regular routes by administrative motor vehicles to include taxi and dependent school bus services.

S706A Scheduled Bus Services.

S706B Unscheduled Bus Services.

S706C Dependent School Bus Services.

S706D Other Bus Services.

S708 Laundry and Dry Cleaning Services. Includes CAS that operate and maintain laundry and dry cleaning facilities.

S709 Custodial Services. Includes CAS that provide janitorial and housekeeping services to maintain safe and sanitary conditions and preserve property.

S710 Pest Management. Includes CAS that provide control measures directed against fungi, insects, rodents, and other pests.

S712 Refuse Collection and Disposal Semites. Includes CAS that operate incinerators, sanitary fills, and regulated dumps, and perform all other approved refuse collection and disposal services.

S713 Food Services. Includes CAS engaged in the operation and administration of food preparation and serving facilities. Excludes operation of central bakeries, pastry kitchens, and central meat processing facilities that produce a product and are reported under functional area X934. Excludes hospital food service operations (under code H105).

S713A: Food Preparation and Administration.

S713B: Mess Attendants and Housekeeping Services.

S714 Furniture. Includes CAs that repair and refurbish furniture".

S715 Office Equipment. Includes CAs that maintain and repair typewriters, calculators, and adding machines"

S716 Motor Vehicle Operation. Includes CAs that operate local administrative motor transportation services. Excludes installation bus services reported in functional area S706.

- S716A: Taxi Service.
- S716B: Bus Service (unless in S706).
- S716C: Motor Pool Operation.
- S716D: Crane Operation (includes rigging, ●xcludes those listed in T800G).
- S716E: Heavy Truck Operation.
- S716F: Construction Equipment Operation.
- S716I: Driver/Operator Licensing & Test.
- S716J: Other Vehicle Operations (Light Truck/Auto).
- S716K: Fuel Truck Operations.
- S716M: Tow Truck Operations.

S717 Motor Vehicle Maintenance. Includes CAs that perform maintenance on automotive equipment, such as support and administrative vehicles. Includes ●lectronic and communi cations equipment that are an integral part of the vehicle.

- S717A: Upholstery Maintenance and Repair.
- S717B: Glass Replacement and Window Repair.
- S717C: Body Repair and Painting.
- S717D: Accessory Overhaul.
- S717E: General Repairs/Minor Maintenance.
- S717F: Battery Maintenance and Repair.
- S717G: Tire Maintenance and Repair.
- S717H: Major Component Overhaul.
- S717I: Material Handling Equipment Maintenance.
- S717J: Crane Maintenance".
- S717K: Construction Equipment Maintenance.
- S717L: Frame and Wheel Alignment.
- S717M: Other Motor Vehicle Maintenance.

S718 Fire Prevention and Protection. Includes CAs that operate and maintain fire protection and preventive services. Includes routine maintenance and repair of fire ● quipment and the installation of fire prevention ● quipment.

- S718A: Fire Protection Engineering.
- S718B: Fire Station Administration.
- S718C: Fire Prevention.
- S718D: Fire Station Operations.
- S718E: Crash and Rescue.
- S718F: Structural Fire Suppression.
- S718G: Fire & Crash/Rescue Equipment Major Maintenance.
- S718H: Other Fire Prevention and Protection.

S719 Military Clothing. includes CAs that order, receive, store, issue, and alter military clothing and repair military shoes. Excludes repair of organizational clothing reported under code J5 15.

S724 Guard Service. Includes CAs engaged in physical security operations that provide for installation security and intransit protection of military property from loss or damage.

S724A: Ingress and egress control. Regulation of person, material, and vehicles entering or exiting a designated area to provide protection of the installation and Government property.

S724B: Physical security patrols and posts. Mobile and static physical security guard activities that provide protection of installation or Government property.

S724C : Conventional arms, ammunition, and explosives (CAAE) security. Dedicated security guards for CAAE.

S724D: Animal control. Patrolling for, capture of, and response to complaints about uncontrolled, dangerous, and disabled animals on military installations.

S724E: Visitor information services. Providing information to installation resident and visitors about street, agency, unit, and activity locations. . "

S724F: Vehicle impoundment. Removal, accountability", security, and processing of vehicles impounded on military installations.

S724G: Registration functions. Administration, filing, processing, and retrieval information about privately owned items that must be registered on military installations.

S724S: Other guard service.

S725 Electrical Plants and Systems. Includes CAs that operate, maintain, and repair Government-owned electrical plants and systems.

S726 Heating Plants and Systems. Includes CAs that operate, maintain, and repair Government-owned heating plants and systems over 750, 000 British Thermal Unit (BTU) capacity. Codes 2991 or 2992 will be used for systems under 750,000 BTU capacity, as applicable.

S727 Water Plants and Systems. Includes CAs that operate, maintain, and repair Government-owned water plants and systems.

S728 Sewage and Waste Plants and Systems. Includes CAs that operate, maintain, and repair Government-owned sewage and waste plants and systems.

S729 Air Conditioning and Refrigeration Plants. Includes CAs that operate, maintain, and repair Government-owned air conditioning and refrigeration plants over 5-ton capacity. Codes 2991 or 2992 shall be used for plants under 5-ton capacity as applicable.

S730 Other Services or Utilities. Includes CAs that operate, maintain, and repair other Government-owned services or utilities.

S731 Base Supply Operations. Includes CAs that operate centralized installation supply functions providing supplies and equipment to all assigned or attached units. Performs all basic supply functions to determine requirements for all requisition, receipt, storage, issuance, and accountability for materiel.

S732 Warehousing and Distribution of Publications. Includes CAs that receive, store, and distribute publications and blank forms.

S740 Installation Transportation Office. Includes technical, clerical, and administrative CAs that support traffic management services related to the procurement of freight and passenger service from commercial "for hire" transportation companies. Excludes restricted functions that must be performed by Government employees such as the review, approval, and signing of documents related to the obligation of funds; selection of mode or carrier; ● valuation of carrier performance; and carrier suspension. Excludes installation transportation functions described under codes S706, S716, S717, T810, T811, T812, and T814.

S740A: Installation Transportation Management and Administration.

S740B : Materiel Movements.

S740C: Personnel Movements.

S740D : Personal Property Activities.

s740E : Quality Control and Inspection.

S740F: Unit Movements.

S750 Museum Operations

S760 Contractor-Operated Parts Stores and Contractor-Op●rated Civil Engineering Supply Stores

S999 Other Installation Services. This code will only be used for unusual circumstances and will not be used to report organizations or work that can be accommodated under a specifically defined code.

OTHER NONtMANUFACTURING OPERATIONS

T800 Ocean Terminal Op●rations. Includes CAa that operate .terminals transferring cargo between overland and sealift transportation. Includes handling of Government cargo through commercial water terminals.

T800A: Pier Operations. Includes CAs that provide stevedore and shipwright carpentry operations supporting the loading, stowage, and discharge of cargo and containers on and off ships, and supervision of 'operations at commercial piers and military ocean terminals.

T800B: Cargo Handling Equipment. Includes CAs that operate and maintain barge derricks, gantries, cranes, forklifts, and other materiel handling ., . ● quipment used to handle cargo within the terminal area.

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T800C : Port Cargo Operations: Includes CAs that load and unload railcars and trucks, pack, repack, crate, warehouse, and store cargo moving through the terminal, and stuff and unstuff containers.

T800D: Vehicle Preparation. Includes CAs that prepare Government and privately owned vehicles (POVs) for ocean shipment, inspection, stowage in containers, transportation to pier, processing," and issue of import vehicles to owners.

T800E : Lumber Operations. Includes CAs that segregate reclaimable lumber from **dunnage** removed from ships, railcars, and trucks; remove nails; even lengths; inspect; and return the lumber to inventory for reuse. Includes receipt, storage, and issue of new lumber.

T800F: Materiel Handling Equipment (MHE) Operations. Includes CAs that deliver MHE to user agencies, perform onsite fueling, and operate special purpose and heavy capacity equipment.

T800G: Crane Operations. Includes CAs that operate and perform first-chelon maintenance of barge derricks, gantries, and truck-mounted cranes in support of vessels and terminal cargo activities.

T800H: Breakbulk Cargo Operations. Includes CAs that provide stevedoring, **shipwright** carpentry, stevedore transportation, and the loading and unloading of **noncontainerized** cargo.

T800I : Other Ocean Terminal Operations.

T801 Storage and Warehousing. Includes CAs that receive materiel into depots and other storage and warehousing facilities, provide care for supplies, and issue and ship materiel. Excludes installation supply in support of unit and tenet activities described in S731.

T801A: Receipt. Includes CAs that receive supplies and related documents and information. This includes materiel handling and related actions, such as materials segregation and checking, and tallying incident to receipt.

T801B: Packing and Crating of Household Goods. Includes CAs performing packing and crating operations described in **T801H**, incident to the movement or storage of household goods.

T801C: shipping. Includes CAs that deliver stocks withdrawn from storage to shipping. Includes onloading and offloading of stocks from transportation carriers, blocking, bracing, dunnage, checking, tallying, and materiel handling in central shipping area and related documentation and information . operations.

T801D : Care, Rewarehousing, and Support of Materiel. Includes CAs that provide for actions that must be taken to protect stocks in storage, including physical handling, temperature control, assembly placement and preventive maintenance of storage aids , and realigning stock configuration;

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provide for movement of stocks from one storage location to another and related checking, tallying, and handling; and provide for any work being performed within general storage support that cannot be identified clearly as one of the subfunctions described above.

T801E: Preservation and Packaging. Includes CAS that preserve, represerve, and pack materiel to be placed in storage or to be shipped. Excludes application of final (exterior) shipping containers.

T801F: Unit and Set Assembly and Disassembly. Includes CAS that gather or bring together items of various nomenclature (parts, components, and basic issue items) and group, assemble, or restore them to or with an item of another nomenclature (such as parent end item or assemblage) to permit shipment under a single document. This also includes blocking, bracing, and packing preparations within the inner shipping container; physical handling and loading; and reverse operation of assembling such units.

T801G: Special Processing of Non Stock Fund-Owned Materiel. Includes CAS performing special processing actions described below that must be performed on Inventory Control Point (ICP)-controlled, nonstock fund-owned materiel by technically qualified depot maintenance personnel, using regular or special maintenance tools or equipment. Includes disassembly or reassembly or reserviceable ICP-controlled materiel being readied for movement, in-house storage, or out-of-house location such as a port to a commercial or DoD-operated maintenance or storage facility, property disposal or demilitarization activity, including blocking, bracing, cushioning, and packing.

T801H: Packing and Crating. Includes CAS that place supplies in their final, exterior containers ready for shipment. Includes the nailing, strapping, sealing, stapling, masking, marking, and weighing of the exterior container. Also, includes all physical handling, unloading, and loading of materiel within the packing and shipping area; checking and tallying material in and out; all operations incident to packing, repacking, or recrating for shipment, including on-line fabrication of tailored boxes, crates, bit inserts, blocking, bracing and cushioning shrouding, overpacking, containerization, and the packing of materiel in transportation containers. Excludes packing of household goods and personnel effects reported under code T801B.

T801I: Other Storage and Warehousing

T802 Cataloging. Includes CA that prepare supply catalogs and furnish cataloging data on all items of supply for distribution to all echelons worldwide. Include catalog files, preparation, and revision of all item identifications for all logistics functions; compilation of Federal catalog sections and allied publication; development of Federal item identification guides, and procurement identification descriptions. Includes printing and publication of Federal supply catalogs and related allied publications.

T803 Acceptance Testing. Includes CAS that inspect and test supplies and materiel to ensure that products meet minimum requirements of applicable specifications, standards, and similar technical criteria; laboratories and "

other facilities with inspection and test capabilities; and activities engaged in production acceptance testing of ammunition, aircraft armament, mobility material, and other military equipment.

T803A: Inspection and Testing of Oil and Fuel.

T803B: Other Acceptance Testing.

T804 Architect-Engineering Services. Includes CAs that provide Architect/Engineer (A/E) services. Excludes Engineering Technical Services (ETS) reported in functional area T813, and those required under the Brooks Act (reference (t)).

T805 Operation of Bulk Liquid Storage. Includes CAs that operate bulk petroleum storage facilities. Includes operation of off-vessel discharging and loading facilities, fixed and portable bulk storage facilities, pipelines, pumps, and other related equipment within or between storage facilities or extended to using agencies (excludes aircraft fueling services); handling of drums within bulk fuel activities. Excludes aircraft fueling services reported under code T814.

T806 Printing and Reproduction. Includes CAs that print, duplicate, and copy. Excludes user-operated office copying equipment.

T807 Audiovisual and Visual Information Semites. Includes CAs that provide base audiovisual (AV) and visual information (VI) support, production, depositories, technical documentation, and broadcasting.

T807A: Base VI Support. Includes CAs that provide production activities that provide general support to all installation, base, facility or site, organizations or activities. Typically, they supply motion picture, still photography, television, and audio recording for nonproduction documentary purposes, their laboratory support, graphic arts, VI libraries, and presentation services.

T807B: AV Production. Includes CAs that Provide a self-contained, complete presentation, developed according to a plan or script, combining sound with motion media (film, tape or disc) for the purpose of conveying information to, or communicating with, an audience. (AV production is distinguished from a VI production by the absence of combined sound and motion media in the latter.)

T807C: VI Depositories. Includes CAs that are especially designed and constructed for the low-cost and efficient storage and furnishing of reference service on semicurrent records pending their ultimate disposition. Includes records centers.

T807D: VI Technical Documentation. Includes CAs that provide a technical documentation (TECDOC) which is a continuous visual recording (with or without sound as an integral documentation component) of an actual event made for purposes of evaluation. Typically, TECDOC contributes to the study of human or mechanical factors, procedures and processes in the context of medicine, science logistics, research, development, test and evaluation, intelligence, investigations and armament delivery.

T807E: Electronic Media Transmission. Includes CAs that transmit and receive audio and video signals for closed circuit local and long distance multi-station networking and broadcast operations.

T807F: VI Documentation. Includes CAs that provide motion media (film or tape) still photography and audio recording of technical and nontechnical events, as they occur, usually "hot controlled by the recording crew. VI documentation (VIDOC) encompasses Operational Documentation (OPDOC) and TECDOC. OPDOC is VI (photographic or electronic) recording of activities, or multiple perspectives of the same activity, to convey information about - people, places and things.

T807G: AV Central Library (Inventory Control Point). Includes CAs that receive, store, issue, and maintain AV products at the central library level. May or may not include records center operations for AV products.

T807K: AV or VI Design Service. Includes CAs that provide professional consultation services involving the selection, design, and development of AV or VI equipment or facilities.

T808 Mapping and Charting. Includes CAs that design, compile, print, and disseminate cartographic and geodetic products.

T809 Administrative Telephone Service. Includes CAs that operate and maintain the common-user, administrative telephone systems at DoD installations and activities. Includes telephone operator services; range communications; emergency action consoles; and the cable distribution portion of a fire alarm, intrusion detection, emergency monitoring and control data, and similar systems that require use of a telephone system.

T810 Air Transportation Semites. Includes CAs that operate and maintain nontactical aircraft that are assigned to commands and installations and used for administrative movement of personnel and supplies.

T811 Water Transportation Services. Includes CAs that operate and maintain nontactical watercraft that are assigned to commands and installations and are used for administrative movement of personnel and supplies.

T811A: Water Transportation Services (except tug operations).

T811B: Tug operations.

T812 Rail Transportation Semites. Includes CAs that operate and maintain nontactical rail equipment assigned to commands and installation and used for administrative movement of personnel and supplies.

T813 Engineering and Technical Services. Includes CAs that advise, - instruct, and train DoD personnel in the installation, operation, and maintenance of DoD weapons, equipment, and systems.

These services include transmitting- the technical skill capability to DoD personnel in order for them to install, maintain, and operate equipment - and keep it in a high state of military readiness.

T813A: Contractor Plant Services. Includes commercial manufacturers of military equipment contracted to provide technical and engineering services to DoD personnel. Qualified employees of the manufacturer furnish these services in the manufacturer plants and facilities. " Through this program, the special skills, knowledge, experience, and technical data of the manufacturer are provided for use in training, training aid programs, and other essential services directly related to the development of the technical capability required to install, operate, maintain, supply, and store such equipment.

T813B: Contract Field Semites (CFS). Includes CAs that provide services of qualified contractor personnel who provide onsite technical and engineering services to DoD personnel.

T813C: In-house Engineering and Technical Semites. Includes CAs that provide technical and engineering services described in codes T813A and T813B above that are provided by Government employees.

T813D: Other Engineering and Technical Services.

T814 Fueling Service (Aircraft)-. Includes CAs that distribute aviation petroleum/oil/lubricant products. Includes operation of trucks and hydrants.

T815 Scrap Metal Operation. Includes CAs that bale or shear metal scrap and melt or sweat aluminum scrap.

T816 Telecommunication Centers. Includes CAs that operate and maintain telecommunication centers, nontactical radios, automatic message distribution systems, technical control facilities, and other systems integral to the communication center. Includes operations and maintenance of air traffic control equipment and facilities.

T817 Other Communications and Electronics Systems. Includes CAs that operate and maintain communications and electronics systems not included in T809 and T816.

T818 Systems Engineering and Installation of Communications Systems. Includes CAs that provide engineering and installation services, including design and drafting services associated with functions specified in T809, T816, and T817.

T819 Preparation and Disposal of Excess and Surplus Property. Includes CAs that accept, classify, and dispose of surplus Government property, including scrap metal.

T820 Administrative Support Services. -Includes CAs that provide centralized administrative support services not included specifically in another functional category. These activities render services to multiple activities throughout an organization or to multiple organizations; such as, a stenotyping pool rather than a secretary assigned to an individual. Typical activities included are word processing centers, reference and technical libraries, microfilming, messenger service, translation services, publication distribution centers, etc.

T820A: Word Processing Centers.
 T820B : Reference and Technical Libraries.
 T820C : Microfilming.
 T820D : Internal Mail and Messenger Services.
 T820E : Translation Services.
 T820F: Publication Distribution Centers.
 T820G: Field Printing and Publication. Includes those activities that print or reproduce official publications, regulations, and orders. . Includes management and operation of the printing facility.
 T820H : Compliance Auditing.
 T820I: Court Reporting.

T821 Special Studies and Analyses. Includes CAs that perform research, collect data, conduct time-motion studies, or pursue some other planned methodology in order to analyze a specific issue, system, device, boat, plane, or vehicle for management.

Such activities may be temporary or permanent in nature.

T821A: Cost Benefit Analyses.
 T821B: Statistical Analyses.
 T821C: Scientific Data Studies.
 T821D: Regulatory Studies.
 T821E: Defense, Education, Energy Studies.
 T821F: Legal/Litigation Studies.
 T821G: Management Studies.

T900 Training Devices and Simulators. Includes CAs that provide training aids, devices, simulator design, fabrication, issue, operation, maintenance, support, and **services**.

T900A: Training Aids, Devices, and Simulator Support. Includes CAs that design, **fabricate**, stock, store, issue, receive, and account for and maintain training aids, devices, and simulators (does not include audiovisual production and associated services or audiovisual support).

T900B: Training Device and Simulator"Operation. Includes CAs that operate and maintain training device and simulator systems.

T999 Other Nonmanufacturing Op●rations

EDUCATION AND TRAINING

Includes CAs that conduct courses of instruction attended by civilian or military personnel of the Department of Defense. Terminology of categories and subcategories primarily for **military personnel** (marked by an asterisk) follows the definitions of the statutory Military Manpower Training Report submitted annually to the Congress. This series includes only the conduct of "courses of **instruction**; it does not include ●ducation and training support functions (that is, Base Operations Functions in the S series and **Nonmanu-**
facturing Operations in the T series). A course is any separately identified" instructional ●ntity or unit appearing in a formal school or course catalog.

U100 Recruit Training. * The instruction of recruits.

U200 Officer Acquisition Training. * Programs concerned with officer acquisition training.

U300 Specialized Skill Training. * Includes Army One-Station Unit Training, Naval Apprenticeship Training, and health care training.

U400 Flight Training. * Includes flight familiarization training.

U500 Professional Development Education*

US10 Professional Military Education. * Generally, the conduct of instruction at basic, intermediate, and senior Military Service schools and colleges and ●nlisted leadership training does not satisfy the requirements of the definition of a DoD CA and is excluded from the provision of this Instruction.

U520 Graduate Education, Fully Funded, Full-Time *

U530 Other Full-Time Education Programs *

U540 Off-Duty (Voluntary) and On-Duty Education Programs. * Includes the conduct of Basic Skills Education Program (BSEP), English as a Second Language (ESL), skill development courses, graduate, undergraduate, vocational/technical, and high school completion programs for personnel without a diploma.

U600 Civilian Education and Training. Includes the conduct of courses intended primarily for civilian personnel.

U700 Dependent Education. Includes the conduct of ●lementary and secondary school courses of instruction for the dependents of DoD overseas personnel.

U800 Training Development and Support (not reported ●lsewhere)

U999 Other Training. This code will **only** be used for unusual circumstances and will not be used to report organizations or work that can be accommodated under a specifically defined code.

AUTOMATIC DATA PROCESSING

W824 Data Processing Services. Includes CAs that provide ADP processing services by using **Government-owned** or -leased ADP ●quipment; or participating in Government-wide ADP sharing program; or procuring of time-sharing processing **services** (machine time) from **commercial** sources. Includes all **types** of data processing **services** performed by general purpose ADP and peripheral ●quipment.

W824A: Operation of ADP Equipment.

W824B: Production Control and Customer Service.

W824C: ADP Magnetic Media Library.

W824D: Data Transcription/Data Entry **Services**.

W824E: Transmission and Teleprocessing Equipment Services.

W824F: Acceptance Testing and Recovery Systems.

W824G: Punch Card Processing **Services**.

W824H: Other ADP Operations and Support.

W825 Maintenance of ADP Equipment. Includes CAS that maintain and repair all Government-owned ADP equipment and peripheral equipment.

W826 Systems Design, Development, and Programing Services. Includes CAS that provide software services associated with nontactical ADP operation.

W826A : Development and Maintenance of Applications Software.

W826B : Development and Maintenance of Systems Software.

W827 Software Services for Tactical Computers and Automated Test Equipment. Includes CAS that provide software services associated with tactical computers and TMDE and ATE hardware.

W999 Other Automatic Data Processing. This code will only be used for unusual circumstances and will not be used to report organizations or work that can be accommodated under a specifically defined code.

PRODUCTS MANUFACTURED AND FABRICATED IN-HOUSE

Commercial activities that manufacture and/or fabricate products in-house are grouped according to the products predominantly handled as follows:

X931 Ordnance Equipment. Ammunition and related products.

X932 Products Made from Fabric or Similar Materials. Including the assembly and manufacture of clothing, accessories, and canvas, products.

X933 Container Products and Related Items. Including the design, engineering, and manufacture of 'wooden boxes, crates, and other containers; includes the fabrication of fiberboard boxes, and assembly of paperboard boxes with metal straps. Excludes on-line fabrication of boxes and crates reported in functional area T801.

X934 Food and Bakery Products. Including the operation of central meat processing plants, pastry kitchens, and bakery facilities. Excludes food services reported in functional areas S713 and H105.

X935 Liquid, Gaseous, and Chemical Products. Including the providing of liquid oxygen and liquid nitrogen.

X936 Rope, Cordage, and Twine Products; Chains and Metal Cable Products

X937 Logging and Lumber Products. Logging and sawmill operations.

X938 Communications and Electronic Products -

X939 Construction Products. The operation of quarries and pits, including crushing, mixing, and concrete, and asphalt batching plants.

X940 Rubber and Plastic Products

X941 Optical and Related Products

X942 Sheet Metal Products

X943 Foundry Products

X944 Machined Parts

X999 Other Products Manufactured and Fabricated In-House. This code will only be used for unusual circumstances and will not be used to report organizations or work that can be accommodated under a specifically defined code.

MAINTENANCE , REPAIR, ALTERATION, AND MINOR CONSTRUCTION OF REAL PROPERTY.

2991 Buildings and Structures--Family Housing. Includes CAs that are engaged in exterior and interior painting and glazing; roofing, interior plumbing; interior electric; interior heating equipment, including heat sources under 750,000 BTU capacity; installed food service and related equipment; air conditioning and refrigeration under a 5-ton capacity; elevators; and other equipment affixed as part of the building and not included in other activities. Includes fencing, flagpoles, and other miscellaneous structures associated with family housing.

- Z991A: Rehabilitation--Tenant Change.
- Z991B: Roofing.
- Z991C: Glazing.
- Z991D: Tiling.
- Z991E: Exterior Painting.
- Z991F: Interior Painting.
- Z991G: Flooring.
- Z991H: Screens, Blinds, etc.
- Z991I: Appliance Repair.
- Z991J: Electrical Repair. Includes elevators, escalators, and moving walks.
- Z991K: Plumbing.
- Z991L: Heating Maintenance.
- Z991M: Air Conditioning Maintenance.
- Z991N: Emergency/Service Work.
- Z991T: Other Work.

2992 Buildings and Structures (Other Than Family Housing). Includes CAs that are engaged in exterior and interior painting and glazing; roofing, interior plumbing; interior electric; interior heating equipment, including heat sources under 750,000 BTU capacity; installed food service and related equipment; air conditioning and refrigeration under a 5-ton capacity; elevators; and other equipment affixed as part of the building and not reported under other functional codes. Includes fencing, flagpoles, guard and watchtowers, grease racks; unattached loading ramps, training facilities other than buildings, monuments, grandstands and bleachers, elevated garbage racks, and other miscellaneous structures.

- Z992A: Rehabilitation--Tenant Change..
- Z992B: Roofing.
- Z992C: Glazing.
- Z992D: Tiling.

- Z992E: Exterior Painting.
- Z992F: Interior Painting.
- Z992G: F l o o r i n g .
- Z992H: Screens, Blinds, ●tc.
- Z992I: Appliance Repair.
- Z992J: Electrical Repair. Includes elevators, escalators, and moving walkways.
- Z992K: Plumbing.
- Z992L: Heating Maintenance.
- Z992M: Air Conditioning Maintenance.
- Z992N: Emergency/Service Work.
- Z992T: Other Work.

Z993 Grounds and Surfaced Areas. Commercial activities that maintain, repair, and alter grounds and surfaced areas defined in codes 2993A, B, and C, below.

Z993A: Grounds (Improved). Includes improved grounds, including lawns, drill fields, parade grounds, athletic and recreational facilities, cemeteries, other ground areas, landscape and windbreak plants, and accessory drainage systems.

Z993B: Grounds (Other than Improved). Small arms ranges, antenna fields, drop zones, and firebreaks. Also grounds such as wildlife conservation areas, maneuver areas, artillery ranges, safety and security zones, desert, swamps, and similar areas.

Z993C: Surfaced Areas. Includes airfield pavement, roads, walks, parking and open storage areas, traffic signs and markings, storm sewers, culverts, ditches, and bridges. Includes sweeping and snow removal from streets and airfields.

Z997 Railroad Facilities. Includes CAs that maintain, repair, and alter narrow and standard gauge two-rail tracks, including spurs, sidings, yard, turnouts, frogs, switches, ties, ballast, and roadbeds, with accessories and appurtenances, drainage facilities, and trestles.

Z998 Waterways and Waterfront Facilities: Includes CAs that maintain, repair, and alter approaches, turning basin, berth areas and maintenance dredging, wharves, piers, docks, ferry racks, transfer bridges, quays, bulkheads, marine railway dolphins, mooring, buoys, seawalls, breakwaters, causeways, jetties, revetments, ●tc. Excludes waterways maintained by the Army Corps of Engineers (COE) rivers and harbors programs. Also ●xcludes buildings, grounds, railroads, and surfaced areas located on waterfront facilities.

Z999 Other Maintenance, Repair, Alteration, and Minor Construction of Real Property. This code will only be used for unusual circumstances and will not be used to report organizations or work-that can be accommodated under a specifically defined code.

COMMERCIAL ACTIVITIES INVENTORY REPORT AND
FIVE-YEAR REVIEW SCHEDULE

A. GENERAL INSTRUCTIONS

1. Submit reports to the Assistant Secretary of Defense (Acquisition and Logistics) before 1 January. Reports are assigned Reports Control Symbol DD-MIL(A) 1540 and may be transmitted using punched cards, magnetic tape, or terminals as a medium.

- 2. If cards are used, wrap securely with the outer wrapper containing identification of the submitting department, the title of the report, "Commercial Activities Inventory Report and Five-Year Review Schedule," and the fiscal year covered. Cards shall be interpreted.

3. If tape is medium chosen, then use nine-track tape Extended Binary Coded Decimal Interchange Code (EBCDIC), 1600 or 6250 density, even parity. The data record must contain 68 characters, blocked 10 logical records to a block. Omit headers and trailers. Use a tape mark (end of file) to follow the data. An external label shall be used on the reel to identify the organization to which the reel is to be returned, the title of the report, the fiscal year covered, and the tape characteristics.

4. If a remote work station terminal is to be used as the transmittal medium, then concurrence and interface requirements shall be established between the Defense Manpower Data Center (DMDC) and sender before transmission of data.

s. Data Format: IN-HOUSE DOD COMMERCIAL ACTIVITIES

<u>DATA ELEMENT</u> --	<u>TAPE POSITIONS</u>	<u>FIELD</u>	<u>TYPE</u> ¹ <u>DATA</u>
Designator	1	A	A
Installation		A1	
- State, Territory, or Possession	2-3	Ala	N
- Place	4-9	Alb	A/N
*Function	10-14	A2	A/N
In-House Civilian Workload	15-20	A3	N
Military Workload	21-26	A4	N
*Reason for In-House operation	49	A8	A
*Most Recent year In-House Operation Approved	50-51	A9	N
*year DoD CA Scheduled for Next Review	52-53	A10	N

¹A = Alpha; N = Numeric

A and A/N data shall be left justified space filled, N data shall be right justified and zero filled.

GENERAL NOTE FOR PERSONNEL PROCESSING THESE-REPORTS:
Coding shall be as indicated in the instructions. When specific coding instructions are not provided, reference must be made to DoD 5000.12-M (reference (u)). Failure to comply with the coding instructions contained herein or those published in reference (u) will make the noncomplier responsible for required concessions in data base communication. Items marked with an asterisk (*) have been registered in the DoD Data Element Dictionary.

6. Instruction for Preparing Data Entries

<u>FIELD</u>	<u>INSTRUCTION</u>
A	Enter an A to designate that the data to follow on this record pertains to a particular DoD CA..
Ala	Enter the two-position numeric code for State or U.S. territory or possession as shown in attachment 1.
Alb	Enter the unique alpha-numeric code established by the DoD Component for military installation, named populated place, or related entity where the CA workload was performed during the fiscal year covered by this submission. A separate look-up listing or file should be provided showing each unique place code and its corresponding place name.

FIELD

INSTRUCTION

- A2 Enter the function code from enclosure 3 that best describes the type of CA workload principally performed by the CA covered by this submission. Left justify.
- A3 Enter total (full- and part-time) in-house civilian workyear ● equivalents applied to the performance of the function during the fiscal year. Round off to nearest whole workyear equivalent. (If amount is ● equal to or greater than .5, round up. If amount is less than .5, round down. Amounts between zero and 0.9 should be entered as one.) Right justify. Zero fill.
- A4 " Enter total □ military workyear ● equivalents applied to the performance of the function in the fiscal year. Round off to the nearest whole workyear equivalent. [Amounts between zero and one should be entered as one). Right justify. Zero fill.
- A8 Enter the reason for in-house operation of the CA as shown in attachment 2.
- A9 Enter the last two digits of the most recent fiscal year corresponding to the reason for in-house operation of the CA as stated in field A8. If field A8 is coded "N," this field should be left blank; otherwise an entry is required.
- A10 Enter the last two digits of the fiscal year in which next review is scheduled to begin for the DoD CA. (Data element reference YE-NA.) Enter WR if a waiver of review has been approved by the ASD(A&L).

CODES FOR DENOTING STATES,
TERRITORIES, AND PROCESSIONS OF
THE UNITED STATES

a. NUMERIC STATE CODES

CODE

01	Alabama	30	Montana
02	Alaska	31	Nebraska
04	Arizona	32	Nevada
05	Arkansas	33	New Hampshire
06	California	34	New Jersey
08	Colorado	35	New Mexico
09	Connecticut	36	New York
10	Delaware	37	North Carolina
11	District of Columbia	38	North Dakota
12	Florida	39	Ohio
13	Georgia	40	Oklahoma
15	Hawaii	41	Oregon
16	Idaho	42	Pennsylvania
17	Illinois	44	Rhode Island
18	Indiana	45	South Carolina
19	Iowa	46	South Dakota
20	Kansas	47	Tennessee .
21	Kentucky	48	Texas
22	Louisiana	49	Utah
23	Maine .	50	Vermont
24	Maryland	51	Virginia
25	Massachusetts	53	Washington
26	M i c h i g a n	54	West Virginia
27	Minnesota	55	Wisconsin
28	Mississippi	56	Wyoming
29	Missouri		

b. NUMERIC CODES FOR TERRITORIES AND POSSESSIONS

60	American Samoa	75	Trust Territory of the Pacific Islands
66	Guam	76	Navassa Island
67	JA Johnston Atoll	77	U.S. Misc. Pacific Islands
69	Northern Marianna Islands	78	Virgin Islands
71	Midway Islands	79	Wake Island
72	Puerto Rico		

CODES FOR DENOTING COMPELLING REASONS
FOR IN-HOUSE OPERATIONS OF
PLANNED CHANGES IN METHOD OF PERFORMANCE

1. IN-HOUSE PERFORMANCE (for entry in field A8)

<u>CODE</u>	<u>EXPLANATION</u>
A.	Indicates that the DoD CA has been retained in-house for national defense reasons in accordance with subparagraph E.2.a. (1) of this Instruction, other than CAs reported under code "C" below.
C.	Indicates that the DoD CA is retained in-house because the CA is essential for training or experience in required military skills, or the CA is needed to provide appropriate work assignments for a rotation base for overseas or sea-to-shore assignments, or the CA is necessary to provide career progression to a needed military skill level in accordance with subparagraph E.2.a. (1)(a) of this Instruction.
D.	Indicates procurement of a product or service from a commercial source would cause an unacceptable delay or disruption of an essential- DoD program.
E.	Indicates that there is no satisfactory commercial source capable of providing the product or service needed.
F.	Indicates that a cost comparison has been conducted and that the Government is providing the product or service at a lower total cost as a result of a cost comparison.
G.	Indicates that the CA is being performed by DoD personnel now, but decision to continue in-house or convert to contract is pending the results of a scheduled cost comparison.
H.	Indicates that the CA is being performed by DoD ● employees now, but will be converted to contract because of cost comparison results.
J.	Indicates that the CA is performed at a DoD hospital and, in the best interests of direct patient care, is being retained in-house.
K.	Indicates that the CA is being performed by DoD ● employees now, but a decision has been made to convert to contract for reasons other than cost.
2.	USE OF OTHER CODES

Enter an "N" in tape and card field A8 if the method of performance has never been reviewed and approved. Do not make an entry in tape or card field A9 .

Enter a "Z" in tape and card field A8 if the cost comparison study has been held in abeyance because of direction from higher authority (such as, congressional moratorium).

ENCLOSURE 5

This enclosure will contain the verbatim text of Part II of the Supplement to the Office of Management and Budget Circular No. A-76 (Revised) of August 4, 1983. In the **interim, DoD** Components **shall** utilize office of **Federal** Procurement Policy Pamphlet No. 4 (reference (v)). DoD Components shall comply with Part II and the guidance contained in paragraph E.3.b. of this Instruction.

Part H

WRITING AND ADMINISTERING PERFORMANCE WORK STATEMENTS

Supplement
OMB **Circular No. A-76**
Performance of Commercial Activities

NOTE:

Part II of the Supplement will be Office of Federal Procurement Pamphlet No. 4, "Writing and Administering Performance Work Statements," **issued in October** 1980. We are in the process of editing and **clarifying** the pamphlet and will publish a notice in the Federal Register when the final version is available. No major procedural changes are anticipated to be made.

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ENCLOSURE 6

This ● nclosure contains the verbatim text of Part III of the Supplement to the Office of Management and Budget Circular No. A-76 (Revised) of **August** 4, 1983. DoD Components **shall comply with Part III and the guidance contained in paragraph E.3.c. of this Instruction.**

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Part III

MANAGEMENT STUDY GUIDE

Supplement
OMB Circular No. A-76
Performance of Commercial Activities

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PART III - COMMERCIAL ACTIVITIES (CA)

MANAGEMENT STUDY GUIDE

Chapter 1- General

A. OVERVIEW

The CA management study is mandatory (see Part I, Chapter 2, Paragraph E1.). It seeks to identify essential functions to be performed, determine **performance** factors and **determine organization structure**, staffing and operating procedures for the most **efficient** and **effective in-house** performance of the commercial activity. The new Government organization becomes the basis of the Government **estimate** for **the cost** comparison with potential contractors. In this context, "efficient" (or cost effective) means that the required **level of workload** (output, **as** described in the performance work statement) is accomplished with as little resource consumption (input) as possible without degradation in the required **quality level of products or services**. Resources consumed may include personnel, time, dollars, supplies, **equipment** and energy. Effectiveness compares what an activity *or* group of people actually accomplish in relation to an assigned mission.

B. SCOPE

Most agencies have formal programs and training for the performance of management efficiency studies, and those programs would be appropriate for **conducting** CA management studies. This guide does not purport to replace the agencies own management techniques, but **merely** to establish the basic criteria and the interrelationship between the management study and the performance work statement.

C. TIMING

1. The CA management study and development of the Performance Work Statement (**PWS**) are **normally** performed concurrently. A job analysis, described in Part II of this Supplement, is conducted as the initial step in development or adaptation of the PWS. This analysis must be accomplished as the initial stages of the management study. **This will ensure that the management** study evaluates the most efficient organization based on the outputs, standards, and management **flexibility to be included in the PWS, and** not on the old methods and procedures.

2. The **PWS, which is developed to describe the output performance standards of the organization** under study, should be **written to provide the maximum possible amount of flexibility to managers** to accomplish the job. This **should** include eliminating compliance with past regulations and procedures when more efficient and cost effective ways are known and adequate performance standards are developed. The management study then develops the most efficient organization, taking into account the management flexibility provided by the PWS.

3. The **PWS** does not need to be completely written before the management study is complete, but the major decisions on performance **standards** and whether compliance with the old procedures is mandatory must be made before the most **efficient** organization can be developed. A routine, **scheduled** management study effort one to **two** years in advance of a projected CA cost study can

provide the opportunity to identify essential mission requirements, determine performance factors, establish staffing standards, investigate and implement long lead time opportunities such as **capital** investment **programs**, test **alternative** organizations, establish reporting systems for workload and staff hours, highlight problem areas and generate staffing and dollar savings.

D. STUDY TEAM

The management study, ideally, is a team effort which utilizes the talents of individuals with expertise in management analysis, staffing, position classification, work measurement, value engineering, industrial engineering, cost analysis, contracting and the technical aspects of the functional area under study. The objective of the management study team is to find new, innovative, creative ways to provide the required products **or** services.

E. CA MANAGEMENT STUDY PRINCIPLES

1. The management study must **reflect** the best efforts of the activity to improve the operations of the area under study, with a primary emphasis on the definition of what must be done (mission of the activity) and the best way of doing it (methods improvement). The best way to accomplish the essential mission may involve changed procedures, revised paper flow, restructuring of the organization, reconfiguration of facilities, . equipment changes, elimination or downgrade of positions and other techniques in order to provide the same quantity and quality of service with the smallest possible consumption of resources.

2. " The most efficient and *cost* effective in-house organization may include a recommendation to reduce staffing requirements through consolidating organizations, activities **or** functions; eliminating redundant supervision/functions/tasks, decreasing hierarchical levels; reducing clerical and other support positions, increasing the span of control and eliminating nonessential positions. If the management study identifies a need for fewer people in the activity, support areas should also be investigated for reduced support requirements.

3. The people at the local level designated to perform the management study should be given freedom to be **innovative** and creative and develop a new organization to meet the quantity and quality standards of the old organization without constraints on their thinking, except for areas covered by law. Senior management may impose restrictions after evaluating the original concept.

F. DOCUMENTATION

The management study is a major management analytical evaluation of an organization to determine if the job can be accomplished in a more economical manner. The results of the study will be used to develop the Government cost to compare with contractor **cost** to provide the product or **service**. **The** results of the management study must be documented to show the development and extent of the analytical process and to record the new Government organization. The Exhibit to **this Part** provides a suggested **format** for documenting the management study. The format is not mandatory; **however**, the management study documentation must include a discussion of all applicable areas covered in the suggested format. The document will be the basis on which the agency certifies that the Government cost estimate is based on the most efficient and cost effective operation practicable.

PART III - COMMERCIAL ACTIVITIES (CA)

MANAGEMENT STUDY GUIDE

Chapter 2 - Study Methods

OVERVIEW

Specific techniques used in CA management studies can range the entire **spectrum** of work measurement, value engineering, methods improvement, **organizational** analysis, position management and systems and procedures analysis. In **some** cases, capital investment programs may **be** available to make the function more productive. (These programs should be pursued as quickly as possible because long acquisition lead time may be required.) The techniques chosen depend on **the** type of function involved and the data, time and analysts available. Some of **the** techniques are outlined below; however, details on application of the **techniques** may be obtained from many management textbooks. Two **useful**, complete works are the Army publication, DA Pamphlet 5-4-1, and the **Air Force** publication, FR 25-5, Volume II.

ANALYSIS TECHNIQUES

There are several specialized analysis techniques which can identify problem areas, duplication of **effort**, layering of supervision, lost motion, need for **delegation**, inefficient methods, etc. These include flow process charting, layout **analysis**, systems and procedures analysis, process measurement analysis, work **distribution** analysis, linear responsibility charting, functional model and PERT.

TECHNICAL ESTIMATES

This method may be used when there is insufficient time or expertise **available** for more precise techniques. The technical estimate requires informed **objective** judgments by analysts and functional personnel. Staffing by technical **estimate** may **also** include directed positions required by law and regulation. **Measurement** methods such as timing a good operator **or** examination of historical **experience** may be used to assist in the development of a technical **estimate**. The **basis** or reasoning used for the technical estimate should be described in **the** study.

STATISTICAL TECHNIQUES

Statistical techniques generally use historical data to generate projections of **workload** and staffing. They are useful where historical workload and staff hour **data** are available or can be developed. Statistical techniques offer rapid coverage **of** accurate **projections** of **staffing** and workload. This data can provide a useful **base** from **which** to compare the **savings** of new ways of doing the **job**. They should be used in conjunction with the PWS as the basis **to** develop the Government cost **estimate**.

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PART III -- COMMERCIAL ACTIVITIES (CA)

MANAGEMENT STUDY GUIDE

Chapter 3 – Performance indicators in the Management Study

A. OVERVIEW

The performance requirements of the PWS are developed during the initial job analysis phase of the study when the PWS is being written or adapted. However, these requirements pertain only to final outputs and assume that the contractor will develop and operate an organization to meet these performance requirements. Therefore, it may be necessary for the study team to develop performance indicators for functions below the final output level to assist in development of the in-house organization.

B. PERFORMANCE INDICATORS – IN-HOUSE ESTIMATE

Performance indicators required for development of the in-house organization should be established at the same time the performance indicators for the PWS are developed. This will ensure that there are no discrepancies or omissions that would inflate or deflate the in-house organization in regard to the required outputs. The most direct way of evaluating performance is to count output units and compare to some predetermined requirement. Similarly, resource requirements can be predicted by comparing average outputs per person to projected workload. In some cases, output measures which are easily counted are difficult or impossible to obtain. In all cases, however, indicators of performance can be devised. These performance indicators should reflect the quantitative, as well as qualitative, aspects of organizational output. When quantitative measures are infeasible, other measures, such as effectiveness, timeliness or quality, should be used.

C. TYPES OF PERFORMANCE INDICATORS

Performance indicators generally useful in CA management studies are of five types: quantitative, qualitative, timeliness, effectiveness, and cost.

1. Quantitative. Measure of level of effort or work actually performed. Examples include number of windows repaired, job orders completed, items issued and lines typed.

2. Qualitative. Measure of how well outputs were produced against a standard. Examples include item reject rates, number of customer complaints and accidents per mile. Many times the qualitative standard must be a written description of the results of the work.

3. Timeliness. Measure of the average elapsed time to complete a work unit compared to a requirement. Examples are: response time, average time to effect supply issue, average time between submission of a work request and completion of work.

4. Effectiveness. Measure of mission performance. Includes such measures as percent of items inoperable due to nonavailability of repair parts, equipment deadline rates, pest infestation rate and percent of eligibles utilizing a service.

5. Total Cost.- This is an indirect measure of activity performance applicable when there is no other adequate measure or when a major managerial responsibility is to contain costs of performance. Costs can be measured on a total or unit cost basis. Cost should seldom be used, as the competitive process of the cost comparison will result in the lowest cost to do the job described in the PWS.

SUGGESTED FORMAT FOR DOCUMENTING MANAGEMENT STUDY

MANAGEMENT STUDY OF (Function) , (Installation)

L Purpose:

a. To develop the optimum organizational structure *to* accomplish essential (title of function) function(s).

b. To determine and document the specific management improvements on which the optimum structure is based.

2. Current Operations:

(This section describes the authorized organization and operations **at** the start of the management study. The most current of each of the **below** should be included).

- a. Mission Statement
- b. Organization Chart(s)
- c. Responsibility of Essential Functions
- d. Operation Procedures
- e. Staffing Authorization and Position Structure Documents
- f.** Technology Utilized
- g.** Workload Data
- h. **Personnel** Analysis
- i. Material Analysis
- j.** Equipment Analysis
- k. Facility Analysis

3. Discussion:

(In this section the current organization and operations **are** discussed and compared to possible new ways of doing the work. The study's methodology **employed** is described, and the results and conclusions of the analysis are presented. Rationale for recommendations in paragraph **4** should evolve from the conclusions presented here. Each of the below topics should be addressed.)

PART III
Exhibit

- a. **Mission.** (Discuss the current mission and any anticipated changes.)
- b. **Organization.** (Is the structure appropriate to its mission, function, internal conditions and environment?)
- c. **Responsibility.** (Is authority and accountability properly balanced in the organization's hierarchical **structure?**)
- d. **Operation Procedures.** (Is the system integrated, and does it efficiently utilize people, material, and equipment?)
- e. **Staffing Authorization.** (Discuss the alternate staffing patterns.)
- f. **Position Structure.** (Is the structure the most effective and economical based on work to be performed - see OMB Circular A-64, Position Management Systems and Employment Ceilings.)
- g. **Technology Review.** (Are available labor-saving systems being **employed?**)
- h. **Workload Data.** (Discuss the current workload and any **anticipated changes.**)
- i. **Material Analysis.** (Discuss current "and future amounts and types of material.)
- j. **Facility Analysis.** (Is type and location of the work area conducive to smooth performance?)

4. **Recommendations:**

(The argument for the optimum structure is made here with references to relevant paragraphs in the Discussion section and Appendices. The description of the recommended organization should include the following proposed items.)

- a. Mission
- b. Organization Chart(s)
- c. Responsibility of Essential Functions
- d. Operation Procedures
- e. Manpower Authorization Documents
- f. Technology Review

- %“ Workload
- h. Personnel
- i. Material
- j. Equipment
- k. Facilities

5. Analysis of Resources Impact:

(This section portrays the effect of the recommendations upon the overall organization resources. The following areas should be addressed.)

Funding. (Personnel savings, **costs** for new equipment? **total** savings to Government.)

b. Personnel. (Number **of grades** and spaces **increased/decreased**.)

c* Equipment and Facilities. (Cost for those recommended and projected savings from their utilization.)

III- 10”

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ENCLOSURE 7

This ● nclosure contains the verbatim text of Part IV of the Supplement to the Office of **Management** and Budget Circular **No.** A-76 (Revised) of August 4, 1983. DoD Components shall comply with Part IV and the guidance contained in paragraph **E.3.d.** of this Instruction. Amendments to the Circular, provided by Transmittal **Memorandum** No. 1 (reference (w)), have been incorporated **into** the text of this enclosure. The amended areas are' annotated in the margin with ****** and Appendix D has been replaced **in** its entirety. (The tables and examples **are for** guidance and may not reflect the current factors to be applied.)